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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

AGREEMENT IN RELATION TO THE EXCLUSIVE DISTRIBUTION RIGHTS OF BKS PRODUCTS IN CHINA

China Pioneer Pharma Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on 30 June 2017, the Company entered into a distribution agreement (the “**Agreement**”) with Ortho Development Corporation (“**Ortho Development**”). Under the Agreement, the Company is granted the exclusive distribution rights with respect to Ortho Development’s Balanced Knee® System products (the “**BKS Products**”) in the People’s Republic of China (excluding the Hong Kong Special Administrative Region, the Macao Special Administrative Region and Taiwan) (“**China**”). The term of the Agreement commences from the date of the Agreement and continues till the end of 2022. Upon the expiry of the initial term referred to above, the term of the Agreement may be extended for a further year by mutual consent of the parties.

The Group actively seeks prospective product candidates for marketing, promotion and sale in China from overseas pharmaceutical and medical device companies. The entering into of the Agreement demonstrates the Group’s long-term strategy of continuing to develop and improve its product portfolio. Currently, China has become the second largest market for orthopedic medical devices in the world. Owing to the aging population and improvement in health insurance policies, the market size for orthopedic medical devices has been increasing rapidly in China. The Group’s current product portfolio includes a couple of products in the orthopedic area, namely Difene, which is widely used for treatments in the orthopedic area, and the spinal implant products under the Life Spine series, which are being registered with the China Food and Drug Administration. The entering into of the Agreement will facilitate the Group’s entry into the area of knee treatment, improve the Group’s product offering in the therapeutic area of orthopedics, enhance the Group’s product portfolio and provide sustainable revenue contribution to the Group.

PRODUCT INFORMATION

BKS Products include implants and surgical instruments used in total knee replacement procedures. The system design is based on proven technology and has over 17 years of successful clinical use. The implants are offered in a wide range of sizes and options to match the specific requirements of the body build of individual patients. The system includes a patented locking mechanism specifically designed to minimize the micro-motion between the tibial insert and the tibial base plate implants. The medical device registration for such products has been completed. The Group intends to market such products as soon as practicable.

INFORMATION ON ORTHO DEVELOPMENT

Ortho Development is a manufacturer of orthopedic medical devices based in the United States. Founded in 1994, it focuses on the development and the manufacture of high-end, clinically-proven orthopedic devices. Its product portfolio includes devices for total knee and hip replacement, as well as trauma fracture repair and spinal treatment. Ortho Development is a majority-owned subsidiary of Japan Medical Dynamic Marketing, Inc., a medical device distributor based in Japan, the shares of which are listed on the Tokyo Stock Exchange with the stock code of 7600.

INFORMATION ON THE GROUP

The Group is one of the largest comprehensive marketing, promotion and channel management service providers dedicated to imported pharmaceutical products and medical devices in China. The Group's portfolio includes ophthalmology, pain management, cardiovascular, respiratory, gastroenterology, immunology, orthopedics and other therapeutic areas and a range of medical devices covering various medical specialties, including ophthalmology, odontology and wound care, etc. As of 31 December 2016, the Group had sold products through its nationwide marketing, promotion and channel management services networks to approximately 30,000 hospitals and other medical institutions and over 108,000 pharmacies across all provinces, municipalities and autonomous regions in China.

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

Hong Kong, 30 June 2017

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