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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)

INSIDE INFORMATION ANNOUNCEMENT UPDATE ON THE COOPERATION ARRANGEMENTS WITH ALCON PHARMACEUTICALS LTD.

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 Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made the Company’s announcement dated 23 August 2017 (the “**Announcement**”) in relation to the Group’s cooperation agreement (the “**Alcon Distribution Agreement**”) with Alcon Pharmaceuticals Ltd. (“**Alcon**”). As disclosed in the Announcement, Alcon had indicated to the Group that Alcon does not intend to extend the Alcon Distribution Agreement following its expiry on 31 December 2018.

On 28 December 2017, the Group entered into an agreement (the “**Transitional Agreement**”) with Alcon and its affiliate Beijing Novartis Pharmaceutical Co., Ltd. (“**Beijing Novartis**”) in relation to the transitional arrangements for the sale of the ophthalmic pharmaceutical products under the Alcon Distribution Agreement (the “**Alcon Products**”) during the period leading to the expiration of the Alcon Distribution Agreement (the “**Transitional Period**”). The parties to the Transitional Agreement agree that Alcon and Beijing Novartis will continue to supply an agreed minimum value of the Alcon Products to the Group for the year ending 31 December 2018 (“**2018**”), and the total value (i.e. the total cost) of the Alcon Products which the Group may sell in 2018 will be no less than RMB617 million (net of tax).

Further, in view of the contribution of the Group during the Transitional Period and the impact on the Group arising from Alcon's decision not to extend the Alcon Distribution Agreement, Alcon and/or Beijing Novartis agreed that, subject to terms of the Transitional Agreement, if the gross profit margin of the Group (as calculated under the Transitional Agreement) for the sale of the Alcon Products in 2018 is less than 8%, Alcon and/or Beijing Novartis will compensate the Group with the effect of making up the shortfall so that the Group's gross profit margin for the Alcon Products will reach 8%. If such gross profit margin in 2018 is greater than or equal to 8%, no compensation will be made by Alcon and/or Beijing Novartis.

In addition to the arrangements under the Transitional Agreement, the Group continues to be in talks with Alcon regarding other possible future cooperation arrangements and will update the shareholders and potential investors of the Company as and when appropriate.

Shareholders and potential investors of the Company are advised to 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, 28 December 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.