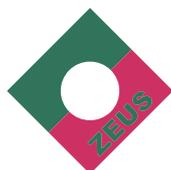


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## **Zhongzhi Pharmaceutical Holdings Limited**

**中智藥業控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3737)**

### **ADOPTION OF SHARE AWARD PLAN**

The Board is pleased to announce that it has approved the adoption of the Plan on 8 January 2016. The purpose of the Plan is to, *inter alia*, recognize the contributions by certain Selected Persons and to attract suitable individuals with experience and ability for further development and expansion of the Group.

Pursuant to the terms of the Plan, the Remuneration Committee and the Board shall determine the number of Awarded Shares to be awarded to the Selected Persons. Subject to the absolute discretion of the Board, the Awarded Shares (where the Board has determined such number pursuant to the terms of the Plan) shall be either (i) allotted and issued by the Company, by using the general or specific mandates granted or to be granted to the Board by the Shareholders of the Company at general meetings of the Company from time to time, or (ii) acquired by the Trustee from the open market by utilizing the Company's resources provided to the Trustee.

The Plan 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 Plan.

The Board is pleased to announce that it has approved the adoption of the Plan on 8 January 2016. A summary of the principal terms of the Plan is set out below.

#### **THE PLAN**

##### **Purpose and Objectives**

The purpose of the Plan is to, *inter alia*, recognize the contributions by certain Selected Persons and to attract suitable individuals with experience and ability for further development and expansion of the Group.

## **Duration**

Subject to any early termination as may be determined by the Board pursuant to the terms of the Plan, the Plan shall be valid and effective for a term of 10 years commencing on the date of the Trust Deed (i.e. 8 January 2016).

## **Limit of the Plan**

The Remuneration Committee and the Board shall not make any further award of Shares which will result in the aggregate number of shares awarded by the Board throughout the duration of the Plan to be in excess of 1% of the issued share capital of the Company as at the date of the Trust Deed. Nevertheless, the Board has the power to refresh the maximum limit of 1% of the issued share capital of the Company. As at the date of the Trust Deed, the number of issued Shares of the Company is 800,000,000 Shares and hence the maximum number of Shares which may be awarded to Selected Persons under the Plan is 8,000,000 Shares.

## **Administration**

The Plan shall be subject to the administration of the Board in accordance with the terms of the Plan. The Trustee will hold the Shares and the income derived therefrom in accordance with the terms of the Trust Deed.

## **Structure of the Plan**

Subject to the absolute discretion of the Board, the Awarded Shares (where the Board has determined such number pursuant to the terms of the Plan) shall be either (i) allotted and issued by the Company, by using the general or specific mandates granted or to be granted to the Board by the Shareholders of the Company at general meetings of the Company from time to time, or (ii) acquired by the Trustee from the open market by utilizing the Company's resources provided to the Trustee. Under the direction of the Company, the Trustee may use the payment received from the Company to fund the subscription and/or purchase of the Shares in advance under the Plan. The Trustee shall hold the Shares until such Shares are vested in accordance to the terms of the Plan.

## **Operation of the Plan**

The Remuneration Committee and the Board may, from time to time, at their absolute discretion select any Eligible Person (excluding any Excluded Person) to participate in the Plan as a Selected Person. Subject to the terms of the Plan, the Remuneration Committee and the Board shall determine the number of Awarded Shares to be awarded to the Selected Persons. The Remuneration Committee and 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 Persons.

Where any grant of Awarded Shares is proposed to be made to Connected Persons of the Company (as defined under Chapter 14A of the Listing Rules), such grant of Awarded Shares has to be approved in advance by the independent non-executive Directors of the Company. The Company shall comply with the applicable provisions of Chapter 14A of the Listing Rules and such Connected Persons and their associates shall abstain from voting on the relevant general meeting in approving such grant of Awarded Shares.

After the Board has approved any grant of Awarded Shares, the Board shall as soon as practicable inform the Trustee of, among others, (i) the identity of the relevant Selected Person, and whether the Selected Person is a Connected Person; (ii) the number of Awarded Shares awarded to the relevant Selected Person pursuant to the Award; (iii) the date and conditions (if any) of vesting; (iv) the performance targets (if any) that must be achieved before any of the Awarded Shares may be vested in the Selected Person under the Award; and (v) whether the Awarded Shares or any part thereof should be acquired by subscription and/or purchase of Shares, and in the case of subscription, the subscription price therefor.

### **Subscription and Purchase of Awarded Shares by the Trustee**

The Board may at any time instruct the Trustee to acquire or subscribe for Shares for the Plan to be kept in the pool of the trust fund as reserve for future grants of Awarded Shares to the Selected Person(s). The Company shall also pay the Reference Amount to the Trustee to fund the acquisition or subscription of Shares.

The Trustee shall, within 20 Business Days on which the trading of the Shares has not been suspended after receiving the Reference Amount, apply the Reference Amount towards subscription of Shares or the purchase of the Awarded Shares. If the Reference Amount paid to the Trustee is not sufficient to purchase all the Awarded Shares at the prevailing market price, the Trustee shall acquire the maximum number of board lots of Shares unless and until the Company shall pay sufficient fund to the Trustee or the Board shall amend the number of Shares to be awarded or to be acquired.

Once the Selected Person has satisfied all vesting criteria and conditions (if any) specified by the Board at the time of making the Award and become entitled to the Awarded Shares, the Trustee shall transfer the relevant Awarded Shares to that Selected Person.

### **Restrictions**

No payment shall be made to the Trustee pursuant to the Plan and no instructions to acquire or subscribe Shares shall be given to the Trustee under the Plan and the Trustee shall not sell the Awarded Shares for the relevant Selected Persons where:

- (a) the Director is in possession of unpublished inside information (as defined in the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)) in relation to the Company;
- (b) dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time; or

(c) within the blackout period as stipulated in the Listing Rules.

### **Vesting of Award Shares**

The Trustee shall vest any Awarded Shares held by the Trustee under the Trust to the Selected Person in accordance with a vesting schedule determined at the discretion of the Board, provided that the Selected Person remains an Eligible Person of the Company or Subsidiary at all times after the Reference Date and on each relevant Vesting Date(s).

In the event of death of a Selected Person, the Trustee shall (i) within 12 months after death of the Selected Person (or a longer period approved in writing by the Board and the Trustee); or (ii) the end of trust period as stated in the Trust Deed (whichever is shorter) transfer all the vested Awarded Shares to the Personal Representative of the relevant Selected Person. Any Awarded Shares of the deceased Selected Person which are not vested shall be treated as Returned Shares in accordance with the terms of the Plan.

If there occurs an event of change of control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, unless otherwise directed by the Board, all the Awarded Shares and the Related Income shall immediately vest in the respective Selected Person on the date when such change of control event becomes or is declared unconditional and such date shall be deemed to be the Vesting Date.

Prior to the Vesting Date, any Award made hereunder shall be personal to the Selected Person to whom it is made and shall not be assignable and no Selected Person 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.

### **Lapse of Plan**

In the event a Selected Person ceases to be a Selected Person, the Award shall, unless the Board otherwise agrees in its absolute discretion, lapse and all the Awarded Shares of such Award shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Plan.

A Selected Person shall be ceased to be a Selected Person for any of the following reasons:

- (a) Voluntary resignation; or
- (b) Dismissal by the Company; or
- (c) Termination of labor relations; or
- (d) Any serious misconduct committed or conviction of any criminal offense; or
- (e) The Board's decision that the person is no longer eligible or suitable as a Selected Person.

In the event a Selected Person fails to return duly executed transfer documents prescribed by the Trustee for the relevant Awarded Shares within the stipulated period (an event of “Partial Lapse”), the relevant part of an Award made to such Selected Person shall, unless the Board otherwise agrees, lapse and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Plan.

### **Other Restrictions**

A Selected Person shall have no rights in respect of any Shares subject to an Awarded Share until the Shares are vested in him pursuant to the Plan on the relevant Vesting Date.

The Trustee shall not exercise any voting rights in respect of any Shares held under the Trust (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares).

### **Termination**

The Plan shall terminate on the earlier of:

- (a) the 10th anniversary date of the date of the Trust Deed; and
- (b) such date of early termination of the Plan as determined by the Board.

### **DEFINITIONS**

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

“Award”	a provisional award of Shares to a Selected Person made under the Plan;
“Awarded Shares”	the Shares which are the subject of any and all Awards made under the Plan;
“Board”	the board of Directors of the Company;
“Business Day”	any day (other than Saturday or Sunday) on which the Stock Exchange is open for the trading of securities and on which banking institutions in Hong Kong are open generally for normal banking business;
“Company”	Zhongzhi Pharmaceutical Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;

“Eligible Person”	any employee (whether full time or part time), executive or director (including without limitation any executive, non-executive and independent non-executive director) of a Group Company, who, in the sole discretion of the Board, has contributed or may contribute to the growth and development of the Group;
“Excluded Person”	any Eligible Person who is resident in 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 Plan 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 Eligible Person;
“Group”	the Company and its Subsidiaries, and “Group Company” shall be construed accordingly;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession of the domicile of a deceased Selected Person, is or are entitled to receive the Awarded Shares on behalf of the estate of the deceased Selected Person;
“Plan”	“The Zhongzhi Pharmaceutical Holdings Limited Share Award Plan” adopted by the Board whereby awards of Shares may be made to Eligible Participants (such Shares being purchased by the Trustee) pursuant to the Trust Deed and the Plan Rules, in its present form or as amended from time to time;
“Plan Rules”	the rules relating to the Plan adopted by the Board;
“Reference Amount”	(a) the sum of (i) the closing price of the Shares as at the Reference Date multiplied by the number of Awarded Shares required and (ii) the related purchase expenses (including for the time being, the brokerage fee, stamp duty, Securities and Futures Commission transaction levy, Stock Exchange trading fee) and such other necessary expenses required for the completion of the purchase of all the Awarded Shares; or (b) the nominal or such other amount required for the subscription of the Awarded Shares by the Trustee (or as it shall direct);

“Reference Date”	the date of final approval by the Board of the total number of Shares to be awarded to the Selected Persons in a single occasion pursuant to the Plan or the date of an Award by the Trustee pursuant to the Trust Deed;
“Related Income”	in relation to a Share, all bonus Shares, scrip dividends, cash dividends and cash distributions derived from the Share, but shall not include any nil-paid rights, warrants, options and/or non-cash distributions which are derived from the Share or the net proceeds from any sale of such rights, warrants, options and/or non-cash distributions;
“Residual Cash”	being cash remaining in the trust fund (including without limitation any cash income or dividends derived from Shares held under the Trust, other cash income or net proceeds of sale of non-cash and non-scrip distribution derived from or in respect of the Shares held under the Trust and all interest or income derived from deposits maintained with licensed banks in Hong Kong) which has not been applied in the acquisition or subscription of any Shares;
“Returned Shares”	such Awarded Shares which are not vested and/or forfeited in accordance with the terms of the Plan, or such Shares being deemed to be Returned Shares;
“Selected Person(s)”	Eligible Person(s) selected by the Remuneration Committee and Board pursuant to the Plan Rules to participate in the Plan;
“Shares”	fully paid ordinary shares with a nominal value of HK\$0.01 each in the share capital of the Company or, if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary share capital of the Company of such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction;
“Shareholder(s)”	the holder(s) of Shares from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning given under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) of the Company, whether incorporated in Hong Kong or elsewhere;
“Trust”	the trust constituted by the Trust Deed;

“Trust Deed”	the trust deed dated 8 January 2016 entered into between the Company as settlor and the Trustee as trustee (as restated, supplemented and amended from time to time);
“Trustee”	Acheson Limited or other trustee or trustees for the time being of the trusts declared in the Trust Deed;
“Vesting Date”	the date as determined from time to time by the Board, on which an Award (or part thereof) is to vest in the relevant Selected Person pursuant to the terms of the Plan.

By order of the Board  
**Zhongzhi Pharmaceutical Holdings Limited**  
**Mr. Lai Zhi Tian**  
*Chairman and executive director*

Hong Kong, 8 January 2016

*As at the date of this announcement, the Board comprises seven directors. The executive directors are Mr. Lai Zhi Tian, Ms. Jiang Li Xia, Ms. Mou Li and Mr. Cao Xiao Jun. The independent non-executive directors are Mr. Ng Kwun Wan, Mr. Wong Kam Wah and Mr. Zhou Dai Han.*