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CSPC

CSPC PHARMACEUTICAL GROUP LIMITED

石藥集團有限公司

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock code: 1093)

ADOPTION OF RESTRICTED SHARE AWARD SCHEME

The Board is pleased to announce that it has resolved to adopt the Scheme on 20 August 2018. The purposes of the Scheme are (a) to provide the Selected Participants with an opportunity to acquire a proprietary interest in the Company; (b) to encourage and retain such individuals to work with the Company; and (c) to provide additional incentive for them to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the Selected Participants directly to the Shareholders through ownership of Shares.

The Board may from time to time determine the number of Restricted Shares to be granted and at its absolute discretion select any Participant to be a Selected Participant under the Scheme.

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 and is a discretionary scheme of the Company.

The Board is pleased to announce that it has resolved to adopt the Scheme on 20 August 2018. A summary of the principal terms of the Scheme is set out below.

PURPOSES

The purposes of the Scheme are (a) to provide the Selected Participants with an opportunity to acquire a proprietary interest in the Company; (b) to encourage and retain such individuals to work with the Company; and (c) to provide additional incentive for them to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the Selected Participants directly to the Shareholders through ownership of Shares.

DURATION

Subject to any early termination of the Scheme in accordance with the Scheme Rules, the Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date.

ADMINISTRATION

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the Scheme Rules.

SCHEME LIMITS

The total number of Shares which may be purchased or issued pursuant to the Scheme shall not in aggregate exceed 2 per cent. of the Company's total number of issued Shares as at the Adoption Date.

The maximum number of Restricted Shares which may be granted to a Selected Participant at any one time or in aggregate under the Scheme must not exceed 0.5 per cent. of the Company's total number of issued Shares as at the Adoption Date.

As at the Adoption Date, there are 6,243,018,403 Shares in issue.

OPERATION

Grant of Restricted Shares to Selected Participants

The Board may from time to time determine the number of Restricted Shares to be granted to Selected Participant(s) (subject to fulfillment of any vesting condition(s)) and at its absolute discretion select any Participant to be a Selected Participant under the Scheme. The Grant Shares are subject to acceptance of the Selected Participants.

Where any grant of Restricted Shares is proposed to be made to any Selected Participant who is a Director (including any independent non-executive Director), such grant must first be approved by all the independent non-executive Directors and in each case excluding any independent non-executive Director who is the proposed Selected Participant.

Purchase of Shares by Trustee or Issue of New Shares

The Board may from time to time cause to be paid to the Trustee such amount required for the completion of the purchase of all the Grant Shares on the Stock Exchange out of the Company's resources. The Trustee shall apply such amount towards the purchase of the Shares in board lots only on the Stock Exchange at the prevailing market price.

If the Restricted Shares to be granted are new Shares to be allotted and issued by the Company, the Company shall cause such Restricted Shares to be allotted and issued to the Trustee.

The Trustee shall hold such Shares in accordance with the terms of the Trust Deed and shall transfer such Shares to the relevant Selected Participants after all the relevant vesting conditions are fulfilled.

Vesting

The vesting of the Restricted Shares is subject to the Selected Participant remaining at all times after the date of the Grant and on the vesting date a Participant of the Group.

Any Share held by the Trustee on behalf of a Selected Participant pursuant to the Scheme Rules shall vest in such Selected Participant in accordance with the vesting condition(s) or vesting schedule as set out in the grant notice.

Restricted Shares which do not vest in a Selected Participant will be forfeited and may be re-granted to other Selected Participants by the Board.

Voting

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

No instruction may be given by any Selected Participant to the Trustee in respect of the Grant Shares prior to the vesting of such Grant Shares in the Selected Participant.

Compliance

No Grant and no issue and allotment of Restricted Shares shall be made by the Company, no payment shall be made and no instruction shall be given by the Company to the Trustee to purchase Shares under the Scheme where any Director is in possession of Inside Information (as defined in the SFO) in relation to the Company or where dealings in the Shares are prohibited under all applicable laws, rules and regulations including without limitation the Listing Rules and/or the SFO.

AMENDMENT AND TERMINATION

The Scheme may be amended in any respect by the Board provided that no such amendment shall operate to affect adversely any rights of any Selected Participant which accrued prior to such amendment becoming effective, and provided that no such amendment or alteration to the Scheme which affects the Trustee's rights and obligations under the Trust Deed shall be made without the prior written consent of the Trustee (save as may be required to comply with the applicable laws, rules or regulations including the Main Board Listing Rules and the SFO).

The Scheme shall terminate (a) upon expiry of the period of 10 years commencing from the Adoption Date; or (b) on the date determined/resolved by the Board to terminate the Scheme pursuant to the Scheme Rules; whichever is the earlier. Any termination of the Scheme shall be without prejudice to any subsisting rights of any Selected Participant(s).

IMPLICATIONS UNDER THE LISTING RULES

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 and is a discretionary scheme of the Company.

Under the Scheme, Restricted Shares may be granted to a Selected Participant who is a director of the Company or any of its subsidiaries. The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules for any Grant or issue of new Shares to connected person(s) of the Company under the Scheme.

In the event that any Grant involves the issue of new Shares to Selected Participant(s), it is the current intention of the Board that such new Shares will be issued pursuant to the general mandate granted by the Shareholders at the annual general meeting of the Company from time to time. If the Board later on decides to seek specific mandate from the Shareholders to issue any new Share, the Company will make further announcement(s) and comply with the relevant requirements under the Listing Rules as and when appropriate.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“Adoption Date”	20 August 2018, the date on which the Scheme is adopted by the Company by a resolution of the Board
“Board”	the board of Directors, which shall include such committee or sub-committee or person(s) as from time to time delegated with the power and authority of the board of Directors to administer the Scheme
“Company”	CSPC Pharmaceutical Group Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“connected person”	shall have the meaning ascribed to it under the Listing Rules

“Director(s)”	director(s) of the Company
“Grant”	the grant of Restricted Shares under the Scheme
“Grant Share(s)”	the Restricted Share(s) to be granted to Selected Participant(s) pursuant to the Scheme
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Participant”	any individual being a director (including executive and non-executive director), employee, officer, agent or consultant of the Company or any subsidiary of the Company
“Restricted Shares”	Shares granted pursuant to and subject to the Scheme Rules
“Scheme”	CSPC Pharmaceutical Group Limited Restricted Share Award Scheme as constituted by the Scheme Rules in its present or any amended form
“Scheme Rules”	the rules relating to the Scheme adopted by the Company on the Adoption Date in its present form or any amended form
“Selected Participant(s)”	any Participant selected by the Board in accordance with the terms of and entitled to receive a Grant under the Scheme
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of the Company with no par value
“Shareholder(s)”	registered holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust”	the trust constituted by the Trust Deed

“Trust Deed” a trust deed dated 20 August 2018 entered into between the Company and the Trustee constituting the Trust, as restated, supplemented and amended from time to time

“Trustee” BOCI-Prudential Trustee Limited, being the trustee for the time being of the Trust, or any additional or replacement trustee(s)

By Order of the Board
CSPC Pharmaceutical Group Limited
Cai Dongchen
Chairman

Hong Kong, 20 August 2018

As at the date of this announcement, the Board comprises Mr. CAI Dongchen, Mr. WANG Zhenguo, Mr. PAN Weidong, Mr. WANG Huaiyu, Mr. WANG Jinxu, Mr. LU Hua, Mr. LI Chunlei, Mr. ZHANG Cuilong and Mr. CHAK Kin Man as executive directors; Mr. LEE Ka Sze, Carmelo as non-executive director; and Mr. CHAN Siu Keung, Leonard, Mr. WANG Bo, Mr. LO Yuk Lam, Mr. YU Jinming and Mr. CHEN Chuan as independent non-executive directors.