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**CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED**

**中國神威藥業集團有限公司**

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

**(Stock Code: 02877)**

## **ADOPTION OF SHARE AWARD SCHEME**

The Board has adopted the Scheme with objectives to recognise the contributions by certain Employees and give incentives thereto in order to motivate them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group.

Pursuant to the terms of the Scheme, the Board may, from time to time, at its absolute discretion cause to be paid to the Trustee sums of money from the Company's resources for the purchase of Shares to be held in accordance with the Scheme and the Trust Deed.

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. No Shareholders' approval is required for the adoption of the Scheme.

## **THE SCHEME**

The Board has adopted the Scheme on the Adoption Date. A summary of the Scheme is set out below:

### **Purpose and Objectives**

The specific objectives of the Scheme are to recognise the contributions by certain Employees and give incentives thereto in order to motivate them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group.

## **Duration and Administration**

Unless terminated earlier by the Board pursuant to the Scheme, the Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date. The Scheme shall be subject to the administration of the Board in accordance with the terms of the Scheme.

## **Operation of the Scheme**

Pursuant to the terms of the Scheme, the Board may, from time to time, at its absolute discretion cause to be paid to the Trustee sums of money from the Company's resources for the purchase of Shares to be held on trust in accordance with the Scheme and the Trust Deed. Such sums of money shall be applied towards the purchase of the specific number of Shares from the open market according to the written instructions of the Board.

The Board may select any Employee (excluding the Excluded Employee) for participation in the Scheme as a Selected Employee and determine the number of Awarded Shares to be awarded (save and except that for the selection of a Director or senior management of the Company as a Selected Employee, the terms and conditions of the Award to such Director or senior management of the Company and the number of Awarded Shares thereunder shall be approved by the Board upon the recommendation of the remuneration committee of the Company), and shall afterwards inform in writing the Trustee and the Selected Employee(s) of such number of Awarded Shares and the vesting period and conditions (if any) accordingly. Such Selected Employee(s) may further be deselected (i) by the Board by notice from time to time at its sole discretion if such Selected Employee has committed any act which is detrimental to the interest or reputation of any members of the Group as determined by the Board from time to time; or (ii) by mutual agreement between the Board and the Selected Employee(s).

## **Vesting and Lapse**

When a Selected Employee has satisfied all vesting conditions specified (and as may be waived or amended from time to time) by the Board and becomes entitled to the Shares forming the subject of the Award, the Trustee shall transfer the relevant Awarded Shares to such Selected Employee on the relevant vesting date. A Selected Employee shall have no rights in the related income (including the right to receive dividend) derived from unvested Awarded Shares prior to the vesting date.

Subject to the Trust Deed, in the event that a Selected Employee has ceased to be an Employee or in other situations specified in the terms of the Scheme, the relevant Award made to such Selected Employee will automatically lapse and the relevant Awarded Shares will not vest on the relevant vesting date but will remain part of the Trust Fund as Returned Shares.

The Trustee shall hold the Returned Shares exclusively for the benefit of all or one or more of the Employees and/or the Selected Employees (excluding any Excluded Employee), whether the awardee is a Selected Employee at the time of award, in accordance with instructions given by the Board in writing in the same manner as prescribed.

## **Scheme Limit**

The Board shall not make any further Award which will result in the number of Shares awarded by the Board under the Scheme exceeding 10% of the issued share capital of the Company as at the Adoption Date. The maximum aggregate number of the Awarded Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date.

## **Restrictions**

No payment shall be made to the Trustees pursuant to the Scheme and no instructions to acquire Shares shall be given to the Trustees under this Scheme where any Director or relevant Employee is in possession of any inside information in relation to the Company or where dealings by the Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

## **Voting Rights**

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust. A Selected Employee shall only have a contingent interest in the relevant Awarded Shares which are referable to him subject to the vesting of such Shares in accordance with the Scheme.

## **Alteration of the Scheme**

The Scheme may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Selected Employee.

## **Termination**

The Scheme shall terminate on the earlier of (i) the 10th anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Employee under the Scheme.

## **Assignability**

Any Award made shall be personal to the Selected Employee to whom it is made and shall not be assignable.

## **Proposed Award to Connected Persons of the Company**

For any award of Shares to Selected Employees who are connected persons (within the meaning of the Listing Rules), such award must be approved by all the independent non-executive Directors, and the Company shall comply with the relevant requirements under the Listing Rules.

## **Other Information**

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. No Shareholders' approval is required for the adoption of the Scheme.

## **DEFINITIONS**

“Adoption Date”	26 March 2018, being the date on which the Scheme is adopted by the Board
“Award”	an award of Shares by the Board to Selected Employees pursuant to the Scheme
“Awarded Shares”	in respect of a Selected Employee, such number of Shares determined by the Board and purchased by the Trustee out of cash paid by the Company or such number of Returned Shares awarded by the Board pursuant to the Scheme
“Board”	the board of Directors
“Company”	China Shineway Pharmaceutical Group Limited, a company incorporated in the Cayman Islands on 14 August 2002 with limited liability, the Shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Director(s)”	any director (including independent non-executive director) of the Company from time to time
“Employee”	any employee (including without limitation any Director) of the Group
“Excluded Employee”	any Employee who is resident in a place where (i) the award of the Awarded Shares and/or the award of the Returned Shares and/or vesting or transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or (ii) where in the view of the Board compliance with applicable laws and or regulations in such place make it necessary or expedient to exclude such Employee, in each case as determined by the Board in its absolute discretion
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“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
“Returned Shares”	such Awarded Shares which are not vested in accordance with the terms of the Scheme, or were forfeited in accordance with the terms of the Scheme, or such Shares being deemed to be Returned Shares
“Scheme”	the share award scheme constituted by the rules set out in the scheme document and in the form adopted by the Company on the Adoption Date or as amended from time to time
“Selected Employee(s)”	Employee(s) selected by the Board pursuant to the terms of the Scheme for participation in the Scheme
“Share(s)”	fully paid ordinary share(s) of HK\$0.1 each (or such revised amount as shall result from such consolidation, reduction, re-classification, sub-division or reconstruction of such ordinary shares from time to time) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	the trust deed dated 26 March 2018 entered into between the Company and the Trustee (as restated, supplemented and amended from time to time) in respect of the Scheme
“Trust Fund”	all properties held or deemed to be held upon the trust of the Trust Deed
“Trustee”	Core Pacific - Yamaichi International (H.K.) Nominees Limited, being the trustee or trustees for the time being of the trust, and/or any additional or replacement trustees

“%”

per cent

By order of the Board  
**China Shineway Pharmaceutical Group Limited**  
**Li Zhenjiang**  
*Chairman*

Hong Kong, 26 March 2018

*As at the date of this announcement, the executive Directors are Mr. Li Zhenjiang, Ms. Xin Yunxia, Mr. Li Huimin and Mr. Chen Zhong. The independent non-executive Directors are Ms. Cheng Li, Mr. Sun Liutai and Prof. Luo Guoan.*