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Biostime International Holdings Limited

合生元國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1112)

ADOPTION OF 2013 SHARE AWARD SCHEME

The board of directors of the Company is pleased to announce that it has approved the adoption of the 2013 Scheme on 29 November 2013. The purposes of the 2013 Scheme are to recognise the contributions by certain Employees, to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The 2013 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.

THE 2013 SHARE AWARD SCHEME

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Purposes and Objectives

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Eligibility

Under the rules of the 2013 Scheme, any bona fide employee of the Company or of any subsidiary of the Company is eligible to be granted Award(s) under the 2013 Scheme, except (i) any connected person of the Company; (ii) and any person who at the relevant time has tendered his resignation or who is working out his period of notice pursuant to his employment contract or otherwise; and (iii) any employee who is resident in a place where

the setting aside of sums of money and/or Shares and/or the subscription of Shares pursuant to the terms of the 2013 Scheme is not permitted under the laws and regulations of such place or where in the view of the Board compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such employees.

Grant of Awards

The Board may from time to time at its absolute discretion select any Employee who is eligible to participate in the 2013 Scheme (a “**Selected Employee**”) or a group of Selected Employees for participation in the 2013 Scheme.

Subject to the limit on the size of the 2013 Scheme as set out below, the Board shall (a) determine a number of Awarded Shares which it wishes to be the subject of an Award, or (b) instruct the Trustee to allocate Returned Shares (as defined below) as Awarded Shares to any Selected Employee(s). The Board shall notify a Selected Employee of the terms and conditions of any Award, including any vesting schedule, by a letter of grant, and such Award shall be deemed to be accepted by the Selected Employee when the Company receives a duplicate of the letter of grant signed by such Selected Employee.

Any Awards made under the 2013 Scheme shall be personal to the Selected Employee to whom it is made and shall not be assignable and no Employee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to either the amount of cash which has been set aside and is referable to him or her pursuant to such award or any Awarded Shares which are subscribed with such cash.

Subscription of Shares by Trustee

For the purpose of satisfying Awards granted under the 2013 Scheme, Awarded Shares shall be allotted and issued at par value by the Company, by using the general mandate granted to the Board by the shareholders of the Company in general meetings of the Company from time to time, unless separate shareholders’ approval is obtained in a general meeting of the Company.

Subsequent to the grant of Awards, the Board shall pay (or cause to be paid) sufficient funds (the “**Referable Amount**”) to the Trustee (or as it shall direct) from the Group’s resources as soon as practicable following such funds being set aside for the subscription of the relevant Awarded Shares. After receiving the Referable Amount, the Trustee shall apply the same towards the subscription of Awarded Shares at par at such time as agreed between the Trustee and the Board from time to time but in any event no later than 40 business days before the vesting of the relevant Awarded Shares.

In the event that Board decides to allot and issue Awarded Shares at par value using the general mandate, the Company shall, at the same time of the Board's such decision and as soon as practicable, submit an application to the Stock Exchange for the listing of, and permission to deal in, such Awarded Shares. The Shares so subscribed shall be subject to all the provisions of the Articles from time to time in force and shall rank pari passu in all respects with the existing fully paid Shares in issue on the Reference Date or, if that date of issue and allotment falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members.

The Trustee shall not exercise any voting right attached in respect of any Shares held in trust by it under the 2013 Scheme (including but not limited to the Awarded Shares and any bonus Shares and script Shares derived from them).

Vesting

Any Awarded Shares held by the Trustee on behalf of Selected Employee(s) pursuant to the terms of the 2013 Scheme and which are referable to relevant Selected Employee(s) shall vest in the relevant Selected Employee(s) in accordance with the timetable (the date or each such date on which Awarded Shares are to vest as set out in such timetable being a "**Vesting Date**") determined by the Board at their discretion at the date on which that Selected Employee is selected for participation in the 2013 Scheme, provided that

- (i) the following conditions have been and remain satisfied at the relevant dates,
 - (a) such further conditions as the Board at their discretion may have stipulated and which have been communicated to the Selected Employee in writing on or before the date on which the Employee is notified of the Award; and
 - (b) that the Selected Employee remains at all times (a) after the relevant Reference Date and (b) on the Vesting Date (or, as the case may be, on each relevant Vesting Date) an Employee of the Group; and
- (ii) none of the following events has arisen:
 - (a) the Selected Employee has been terminated by the Company or any Subsidiary for cause, which, for the purpose of the 2013 Scheme, shall mean:
 - (i) dishonesty or serious misconduct, whether or not in connection with his employment; wilful disobedience or non-compliance with the terms of his employment contract with the Group or any lawful orders or instructions given by the Group;
 - (ii) incompetence or negligence in the performance of his duties; or

- (iii) doing anything in the conclusive opinion of the Company, adversely affects his ability to perform his duties properly or bring the Company or the Group into disrepute;
- (b) the Selected Employee has been summarily dismissed by the Group;
- (c) the Selected Employee has become bankrupt or failed to pay his debts within a reasonable time after they become due; or has made any arrangement or composition with his creditors generally;
- (d) the Selected Employee has been convicted for any criminal offence involving his integrity or honesty; or
- (e) the Selected Employee has been charged, convicted or held liable for any offence under the Securities (Insider Dealing) Ordinance (Chapter 395 of the Laws of Hong Kong) or any other applicable laws or regulations in force from time to time.

Five (5) business days prior to the intended Vesting Date of Awarded Shares to be vested in relevant Selected Employees in accordance with the rules of the 2013 Scheme, the Board shall issue (i) to the Trustee a confirmation letter advising the Trustee of such vesting together with a list of such Selected Employees who have fulfilled relevant vesting conditions (if any) and each of their entitlement to the Awarded Shares and Related Income to be vested, together with the transfer account details, and (ii) send to the relevant Selected Employee a vesting notice. Provided that the said confirmation letter and vesting notice have been issued by the Company to the Trustee and the relevant Selected Employee, respectively, subject to any restriction on dealings in the Shares as provided by applicable law, the Listing Rules or any rule of the Company governing dealings in Shares and any circumstances beyond the reasonable control of the Trustee, the Trustee shall transfer the relevant vested Awarded Shares and Related Income to the relevant Selected Employee on the Vesting Date. If dealings in the Shares would be prohibited by applicable law, the Listing Rules or any rule of the Company governing dealings in Shares on the Vesting Date, the Awarded Shares which have vested and the Related Income in respect of such Awarded Shares shall be transferred to the relevant Selected Employee within a reasonable period of time after such prohibition ceases.

Where, Shares (the “**Returned Shares**”) which are referable to a Selected Employee, do not vest in accordance with the procedures set out above, then the Trustee shall hold such Returned Shares and any income deriving from it exclusively for the benefit of all or one or more of the Selected Employees in such manners and under such conditions in accordance with the instructions from the Board.

Right of Participants before Vesting

A Selected Employee will have no rights in respect of any Shares subject to an Award (including any income, dividends, other distributions or voting rights) until the Shares are vested in him pursuant to the 2013 Scheme on the relevant Vesting Date.

Black-out Period

No payment shall be made to the Trustees pursuant to the 2013 Scheme for the purpose of subscription of Shares and no instructions to subscribe for Shares shall be given to the Trustees under the 2013 Scheme where any member of the Board 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 or where dealings by directors are prohibited under the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules or any applicable laws and regulations or any internal code of conduct in securities dealings adopted by the Company from time to time.

Lapse of Awards

In the event that the Company, the subsidiary of the Company or the business division by which a Selected Employee is employed ceases to be a subsidiary or business division of the Group (or of a member of the Group, in the case of a business division), then any Award made to such Selected Employee shall lapse forthwith.

In the event that an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), then any Award shall lapse forthwith.

In the event that a Selected Employee who died or retired at his normal retirement date or earlier by agreement with the Group at any time prior to a Vesting Date, unless otherwise determined by the Board in its sole and absolute discretion, all the unvested Awarded Shares and the Related Income in respect of such unvested Awarded Shares of such Selected Employee (or rights thereto) shall lapse upon the death of such Selected Employee or his retirement date (as the case may be). The Board has the power to deem any unvested Awarded Shares of a deceased Selected Employee to be vested on the day immediately prior to the death of such deceased Selected Employee.

Size of the 2013 Scheme

The Board shall not make any further Award which will result in the number of Shares awarded by the Board under the 2013 Scheme would represent in excess of 1.5% of the issued share capital of the Company as at the Adoption Date.

No sum of money shall be set aside and no Awarded Shares shall be subscribed pursuant to the 2013 Scheme, nor any amounts paid to the Trustee for the purpose of making such a subscription, if, as a result of such subscription, the number of Awarded Shares administered under the 2013 Scheme would represent in excess of 1% of the issued share capital of the Company as at the Adoption Date, provided that Awarded Shares which have been transferred to Selected Employees upon vesting shall be left out of account when ascertaining such amount and provided further that the Board may resolve to increase such limit at its sole discretion.

The maximum number of Awarded Shares which may be subject to Award(s) to a single Selected Employee at any one time shall not in aggregate exceed 1% of the issued share capital of the Company as at the Adoption Date.

Duration and Termination of the 2013 Scheme

Subject to any early termination as may be determined by the Board, the 2013 Scheme shall be valid and effective for a term of five (5) years commencing on the Adoption Date

Other Information

The 2013 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.

DEFINITIONS

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

“2013 Scheme”	the 2013 Share Award Scheme of the Company
“Adoption Date”	29 November 2013
“Articles”	the articles of association of the Company from time to time;
“Award”	an award of Shares by the Company to any Selected Employee(s) under the 2013 Scheme;
“Awarded Share(s)”	in respect of any Selected Employee(s), such number of Shares determined by the Board and subscribed for by the Trustee out of cash arranged to be paid by the Company out of the Group’s resources to the Trustee, together with any scrip Shares or bonus Shares referable to those Shares;

“Board”	the board of directors of the Company
“business day”	a day (other than Saturdays, Sundays and public holidays) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong;
“Company”	Biostime International Holdings Limited (合生元國際控股有限公司), a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“Employee”	any bona fide employee of the Company or of any Subsidiary, excluding any connected person (as defined in Chapter 14A under the Listing Rules) of the Group from time to time, provided always that such term shall exclude any person who at the relevant time has tendered his resignation or who is working out his period of notice pursuant to his employment contract or otherwise
“Group”	the Company and its subsidiaries
“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
“Reference Date”	in respect of any Employee, the date on which a sum is set aside which is referable to such Employee under the 2013 Scheme
“Related Income”	all income derived from a Share (net of all expenses or charges incurred in relation to the receipt or payment of such income) held in trust by the Trustee in the form of Shares (including but not limited to, any bonus Shares or scrip Shares received in respect of the Share) in money
“Residual Cash”	being cash remaining in the trust fund
“Selected Employees”	those Employees selected by the Board for participation in the 2013 Scheme

“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trustee”	BOCI-Prudential Trustee Limited, which will hold cash and/or Awarded Shares in trust as the trustee under the 2013 Scheme

By Order of the Board
Biostime International Holdings Limited
Luo Fei
Chairman

Hong Kong, 29 November 2013

As at the date of this announcement, the executive Directors of the Company are Mr. Luo Fei and Ms. Kong Qingjuan; the non-executive Directors of the Company are Dr. Zhang Wenhui, Mr. Wu Xiong, Mr. Luo Yun and Mr. Chen Fufang; and the independent non-executive Directors of the Company are Dr. Ngai Wai Fung, Mr. Tan Wee Seng and Professor Xiao Baichun.