

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CSPC

CSPC PHARMACEUTICAL GROUP LIMITED

石藥集團有限公司

(formerly known as China Pharmaceutical Group Limited 中國製藥集團有限公司)

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock code: 1093)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors of the Company that the Group is expected to record a substantial increase in net profit for the year ended 31 December 2012 as compared to a net profit of approximately HK\$250.45 million for the year ended 31 December 2011.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Reference is made to the announcement of CSPC Pharmaceutical Group Limited 石藥集團有限公司 (formerly known as China Pharmaceutical Group Limited 中國製藥集團有限公司) (the “**Company**”) dated 26 June 2012, the circular of the Company dated 27 September 2012 (the “**Circular**”) and the announcement of the Company dated 19 October 2012 relating to the poll voting results at the extraordinary general meeting of the Company on 19 October 2012, in relation to the proposed acquisition of the entire issued share capital of Robust Sun Holdings Limited by the Company from Joyful Horizon Limited. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors of the Company that the Group is expected to record a substantial increase in net profit for the year ended 31 December 2012 as compared to a net profit of approximately HK\$250.45 million for the year ended 31 December 2011. This substantial increase in net profit is primarily attributable to the gain on bargain purchase as a result of the Acquisition (which arises as a result of the application of purchase method of accounting to effect a “reverse acquisition”) as referred to in the Circular.

The Acquisition was completed on 29 October 2012 (the “**Completion Date**”). Under Hong Kong Financial Reporting Standard 3 “Business Combinations”, the Acquisition is accounted for as a reverse acquisition (ie. for accounting purpose, the Target Group is the accounting acquirer and the Company (the accounting acquiree) is deemed to have been acquired by the Target Group).

In applying the purchase method of accounting to effect a “reverse acquisition” for the Acquisition, the gain on bargain purchase as of the acquisition date is measured as the excess of the fair value of the identifiable assets and liabilities of the Group immediately prior to the Acquisition over the deemed cost of the business combination (ie. the deemed consideration). Whereas the deemed consideration is calculated as the number of shares of the Company in issue immediately prior to the Acquisition times the closing market price as of the Completion Date. The gain on bargain purchase will be recognised in the Company’s consolidated financial statements for the year ended 31 December 2012 (the “**2012 Financial Statements**”).

For accounting purpose, the 2012 Financial Statements will be prepared as a continuation of the Target Group. In other words, (i) the Target Group’s results for the year ended 31 December 2012 will be consolidated into the 2012 Financial Statements and (ii) the results of the Group for the post-acquisition period from 30 October 2012 to 31 December 2012 will be consolidated into the 2012 Financial Statements whereas the results of the Group for the pre-acquisition period from 1 January 2012 to 29 October 2012 will not be consolidated into the 2012 Financial Statements.

Comparative information presented in the 2012 Financial Statements will also be restated to present those of the Target Group.

In addition, the changes in fair values of the Convertible Bonds issued by the Company on Completion Date will also be recognised in the 2012 Financial Statements.

It should be noted that the information contained in this profit alert announcement is only based on information currently available to the Company and the Board's preliminary review of the consolidated management accounts of the Group for the year ended 31 December 2012. The Company is still preparing and finalising its consolidated accounts for the year ended 31 December 2012, which are still being audited by the external auditors of the Company and have not been reviewed and approved by the Company's audit committee as at the date of this announcement.

The audited consolidated annual results announcement of the Group for the year ended 31 December 2012 is expected to be published by the end of March 2013. Accordingly, 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
CAI Dongchen
Chairman

Hong Kong, 15 March 2013

As at the date of this announcement, the Board comprises Mr. CAI Dongchen, Mr. FENG Zhenying, Mr. CHAK Kin Man, Mr. PAN Weidong, Mr. ZHAO John Huan, Mr. WANG Shunlong, Mr. WANG Huaiyu, Mr. LU Jianmin and Mr. WANG Zhenguo as executive directors; Mr. LEE Ka Sze, Carmelo as non-executive director; and Mr. HUO Zhenxing, Mr. QI Moujia, Mr. GUO Shichang, Mr. CHAN Siu Keung, Leonard, Mr. WANG Bo and Mr. ZHANG Fawang as independent non-executive directors.