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中國製藥集團有限公司
China Pharmaceutical
Group Limited

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 1093)

**VERY SUBSTANTIAL ACQUISITION AND
CONNECTED TRANSACTION;
INCREASE OF AUTHORISED SHARE CAPITAL
AND
RESUMPTION OF TRADING**

THE ACQUISITION

On June 17, 2012, the Company (as buyer) entered into the Sale and Purchase Agreement with the Seller and the Guarantor, pursuant to which the Company conditionally agreed to acquire, and the Seller conditionally agreed to sell, the Sale Share, being the entire issued share capital of the Target for a total consideration of HK\$8,980,000,000. The Consideration, subject to adjustment, is expected to consist of (i) HK\$2,271,744,570.30 by way of allotment and issue of the Consideration Shares, and (ii) HK\$6,708,255,429.70 by way of issue of the Convertible Bonds, on the Completion Date. The Consideration Shares represent (i) approximately 78.16% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 20.45% of the issued share capital of the Company as increased by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming issuance of the maximum number of Conversion Shares and no adjustment to the principal amount of the Convertible Bonds and the Conversion Price). The Shares underlying the Convertible Bonds will represent up to (i) approximately 203.96% of the existing share capital of the Company as at the date of this announcement; and (ii) approximately 53.38% of the issued share capital of the Company as increased by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming issuance of the maximum number of Conversion Shares and no adjustment to the principal amount of the Convertible Bonds and the Conversion Price). Upon Completion, the Target will become a wholly-owned subsidiary of the Company.

THE CAPITAL INCREASE

As at the date of this announcement, the authorized share capital of the Company is HK\$300,000,000 divided into 3,000,000,000 Shares of a par value of HK\$0.10 each, of which 1,529,766,661 Shares are in issue. In order to accommodate the expansion plans of the Group as well as the issue of the Consideration Shares and the Conversion Shares, the Board proposes to increase its authorized share capital from HK\$300,000,000 divided into 3,000,000,000 Shares to HK\$3,000,000,000 divided into 30,000,000,000 Shares. The Capital Increase is conditional upon, among other things, the approval of an ordinary resolution of the Shareholders at the EGM.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and will accordingly be subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Seller, a wholly-owned subsidiary of the Guarantor (which is interested in approximately 54.81% of the issued share capital of the Company at the date of this announcement), is a connected person of the Company. Accordingly, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Associates of the Seller (including MGL, a 51.22% shareholder of the Company, and CCPCL, a 3.60% shareholder of the Company) which have material interests in the Acquisition are required to abstain from voting on the relevant resolutions relating to the Acquisition at the EGM.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser will make a recommendation to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Acquisition. The Company has established the Independent Board Committee, comprising of all independent non-executive Directors, namely Mr. Huo Zhenxing, Mr. Qi Moujia, Mr. Guo Shichang and Mr. Chan Siu Keung, Leonard and the Independent Board Committee will, upon the advice of the Independent Financial Adviser, make recommendations to the Independent Shareholders as to whether the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, which will be disclosed in the circular to be prepared and despatched by the Company in connection with the EGM.

EGM

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, except for MGL and CCPCL and any other associate of the Seller which have material interests in the Acquisition, no Shareholders will be required to abstain from voting in relation to the resolutions to approve, among other things, the Acquisition and the transactions contemplated thereunder at the EGM.

No Shareholders will be required to abstain from voting on the relevant resolution to approve the Capital Increase.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Acquisition and the Capital Increase; (ii) a letter from the Independent Board Committee in relation to the Acquisition; (iii) a letter from the Independent Financial Adviser in relation to the Acquisition; (iv) financial information of the Group; (v) financial information of the Target Group; (vi) unaudited pro forma financial information of the Enlarged Group; (vii) the notice of the EGM; and (viii) other information as required under the Listing Rules will be despatched to the Shareholders in due course.

As additional time is required to prepare the aforesaid information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before July 27, 2012.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on Monday, June 18, 2012 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on Wednesday, June 27, 2012.

As the Sale and Purchase Agreement is subject to a number of conditions precedent, the Sale and Purchase Agreement may or may not be completed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

1. INTRODUCTION

Reference is made to the announcement of the Company in relation to unusual price and trading volume movement on June 11, 2012. On June 17, 2012, the Company entered into the Sale and Purchase Agreement with the Seller and the Guarantor, pursuant to which the Company conditionally agreed to acquire, and the Seller conditionally agreed to sell, the Sale Share, being the entire issued share capital of the Target for a total consideration of HK\$8,980,000,000. Upon Completion, the Target will become a wholly-owned subsidiary of the Company.

2. THE SALE AND PURCHASE AGREEMENT

The Sale and Purchase Agreement is legally binding and its terms and conditions are described below:

Date : June 17, 2012

Parties : (a) the Company, as buyer;

(b) the Seller; and

(c) the Guarantor.

The Target is wholly owned by the Seller, which is directly wholly owned by the Guarantor. The Guarantor, through CCPCL and MGL, is indirectly interested in an aggregate of approximately 54.81% of the issued share capital of the Company as at the date of this announcement.

Assets to be acquired : The Sale Share, being the entire issued share capital of the Target, which carries on the business of the manufacture and sale of pharmaceutical products through its subsidiaries with the major assets of the Target Group being office premises, plants, production machinery and equipment, automobiles and certain intellectual property rights including land use rights, trademarks, patents and know-how.

Consideration : The Consideration is HK\$8,980,000,000, subject to adjustment as disclosed under the sections headed “Adjustment of Principal Amount of Tranche I Bonds” and “Condition to Convertibility of Tranche II Bonds”, which is to be satisfied by the Company in the following manner:

- (i) the Consideration Shares Amount of HK\$2,271,744,570.30 shall be paid by way of allotment and issue of the Consideration Shares on the Completion Date; and
- (ii) the Convertible Bonds Amount of HK\$6,708,255,429.70 shall be paid by way of issue of the Convertible Bonds on the Completion Date.

The Consideration was determined based on arm’s length negotiations between the Company and the Seller to the Sale and Purchase Agreement after taking into account, among others, the following factors:

- (i) the nature and scope of the business of the Target Group;
- (ii) the comparison of the business nature of the Company against that of the Target Group;
- (iii) the historical performance of the Target Group’s business;
- (iv) the future prospect of the Target Group;
- (v) the issue price and the price to earning multiple of the securities issued by companies whose principal businesses are similar to that of the Target Group, that are companies whose principal business are the sale and manufacture of pharmaceutical products;
- (vi) the prevailing market price of the Shares; and
- (vii) the financial performance and position of the Group.

Consideration Shares : The Consideration Shares represent (i) approximately 78.16% of the existing issued share capital of the Company at the date of this announcement; and (ii) approximately 43.87% of the issued share capital of the Company as increased by the allotment and issue of the Consideration Shares; and (iii) approximately 20.45% of the issued share capital of the Company as increased by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming issuance of the maximum number of Conversion Shares and no adjustment to principal amount of the Convertible Bonds and the Conversion Price).

The Consideration Shares will be allotted and issued to the Seller (or, at the Seller's requests to the Guarantor or any of its wholly owned subsidiaries) pursuant to a specific mandate of the Company to be sought at the EGM and will rank *pari passu* with the Shares in issue.

There are no restrictions on any subsequent sale of the Consideration Shares.

Convertible Bonds : The Company will issue Convertible Bonds in an aggregate principal amount of US\$860,032,747.40 to the Seller (or, at the Seller's request, to the Guarantor or any of its wholly-owned subsidiaries) to settle the Convertible Bonds Amount due at Completion in two tranches as follows:

- (i) Tranche I Bonds in an aggregate principal amount of US\$774,029,472.70, which is subject to adjustment by reference to the profit-after-tax of the Target Group for the year ending December 31, 2012; and
- (ii) Tranche II Bonds in an aggregate principal amount of US\$86,003,274.70, which is subject to forfeiture by reference to the profit-after-tax of the Target Group for the year ending December 31, 2013 or, in certain circumstances (described below) for the year ending December 31, 2014.

The principal terms of the Convertible Bonds are as follows:

Issuer : The Company.

Bondholder : The Seller (or the Guarantor or one or more wholly-owned subsidiaries of the Guarantor).

Interest : Nil.

Conversion Price : HK\$2.15 per Conversion Share (subject to adjustment).

- Transferability** : The Convertible Bonds may not be transferred without the prior written consent of the Company (acting in its sole and absolute discretion), save where such transfer is made to the Guarantor or any of its wholly-owned subsidiaries.
- No Redemption Rights** : Bondholders have no right to require the Company to repay the principal amount of the Convertible Bonds in cash, or to redeem or repurchase the Convertible Bonds, whether at maturity or otherwise.
- Adjustment of Principal Amount of Tranche I Bonds** : If the Target Group's Net Profit for the year ending December 31, 2012 is less than HK\$600 million, the aggregate principal amount of the Tranche I Bonds shall be reduced by multiplying the original aggregate principal amount of US\$774,029,472.70 by the following fraction:

$$\frac{A}{B}$$

where:

A is the Target Group's Net Profit for the year ending December 31, 2012; and

B is HK\$600 million;

such adjustment of the principal amount of the Tranche I Bonds will be made at the close of business on the date of the announcement of the Company's consolidated financial results for the year ending December 31, 2012 pursuant to the terms and conditions of the Convertible Bonds Instrument. For the avoidance of doubt, if there is a net loss for the Target Group for the year ending December 31, 2012, the principal amount under the Tranche I Bonds will be reduced to zero.

If the Target Group's Net Profit for the year ending December 31, 2012 is less than HK\$600 million, the Company will publish an announcement in accordance with the requirements under Rule 14A.57 of the Listing Rules.

Condition to Convertibility of Tranche II Bonds : If the Target Group's Net Profit for the year ending December 31, 2013 is less than HK\$800 million, then the Tranche II Bonds shall be deemed to be cancelled at the close of business on the date of the announcement of the Company's consolidated financial results for the year ending December 31, 2013 and Bondholders shall not be entitled to any consideration, remedy or compensation whatsoever with respect to such cancellation; provided that if the Target Group's Net Profit for the year ending December 31, 2013 is adversely affected by a Force Majeure Event, then the exercise date of the Tranche II Bonds shall be deferred and the Tranche II Bonds shall be cancelled at the close of business on the date of the announcement of the Company's consolidated financial results for the year ending December 31, 2014 if the Target Group's Net Profit for the year ending December 31, 2014 is less than HK\$800 million. The Company and the Bondholder will reach an agreement on whether the Target Group's Net Profit for the year ending December 31, 2013 is adversely affected by a Force Majeure Event in good faith.

For the avoidance of doubt, (i) the right to delay the cancellation date of Tranche II Bonds by reason of a Force Majeure Event shall not be available when determining the Target Group's Net Profit for the year ending December 31, 2014; (ii) the principal amount of the Tranche I Bonds shall not be subject to any adjustment or deferral by reason of Force Majeure Event; and (iii) if there is a net loss for the Target Group for the year ending December 31, 2013 or, if applicable, December 31, 2014, the principal amount under the Tranche II Bonds will be reduced to zero as the Tranche II Bonds will be cancelled if the Target Group's Net Profit for the year ending December 31, 2013 or, if applicable, December 31, 2014 is less than HK\$800 million.

If the Target Group's Net Profit for the year ending December 31, 2013 or, if applicable, December 31, 2014 is less than HK\$800 million, the Company will publish an announcement in accordance with the requirements under Rule 14A.57 of the Listing Rules.

Conversion Rights : The Tranche I Bonds will become convertible only after the announcement of the Company's consolidated financial results for the year ending December 31, 2012.

Subject to the satisfaction of the condition to the convertibility of the Tranche II Bonds, the Tranche II Bonds will become convertible only after the announcement of the Company's consolidated financial results for the year ending December 31, 2013 or, if applicable, for the year ending December 31, 2014.

Minimum Public Float Requirement : The conversion rights attached to the Convertible Bonds are subject to a further requirement that the Public Float of the Company must at all times comply with the requirements of Rule 8.08 of the Listing Rules. If the conversion of any Convertible Bonds would cause the Public Float of the Company to fall below the prescribed percentage, namely 25%, of its total issued share capital, the aggregate principal amount of the Convertible Bonds to be converted shall be reduced by such amount as necessary for the Public Float of the Company to comply with Rule 8.08 of the Listing Rules.

Maturity Date : The Initial Maturity Date of the Convertible Bonds will be the fifth anniversary of the Issue Date. Except as described below, all Outstanding Bonds on the Initial Maturity Date will be mandatorily converted at the Conversion Price applicable at that time.

If any Outstanding Bonds at the Initial Maturity Date cannot be converted as a result of the minimum Public Float requirement described above, then such conversion shall only be allowed to the extent and in the amount which would comply with the Public Float requirement and the maturity date shall be automatically extended to the Extended Maturity Date. If any Outstanding Bonds remain unconverted at the close of business on the Extended Maturity Date, whether by reason of the minimum requirement on Public Float or otherwise, all of the unconverted Convertible Bonds shall be deemed to be cancelled, and Bondholders shall not be entitled to any consideration, remedy or compensation whatsoever with respect to such cancellation.

- Adjustments to Conversion Price** : The Conversion Price will be subject to adjustment in certain events, including consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, capital distribution, payment of dividends, issues of rights or options over Shares (at less than 95% of the Current Market Price per Share on the Last Trading Day preceding the date of the announcement of the terms of such issue or grant), rights issues of other securities; issues of Shares at less than 95% of the Current Market Price; other issues of securities at less than 95% of the Current Market Price; modification of rights of conversion, other offers to Shareholders etc.
- Voting rights** : Bondholders shall not be entitled to attend or vote at general meeting of the Company.
- Listing** : The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange.
- Governing Law and Jurisdiction** : Any dispute arising out of or in connection with the Convertible Bonds Instrument (including, but not limited to, whether the Target Group's Net Profit for the year ending December 31, 2013 is adversely affected by a Force Majeure Event) shall be submitted to arbitration.

Conversion Shares : The maximum number of Shares that are issuable under the Convertible Bonds in accordance with the terms thereof (assuming no adjustment to the principal amount of the Convertible Bonds and the Conversion Price) is 3,120,118,804 Conversion Shares, representing (i) approximately 203.96% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 53.38% of the issued share capital of the Company as increased by the allotment and issue of the Consideration Shares and the Conversion Shares (assuming issuance of the maximum number of Conversion Shares and no adjustment to the principal amount of the Convertible Bonds and the Conversion Price).

The 3,120,118,804 Conversion Shares are expected to be allotted and issued under the specific mandate to be granted by the Shareholders at the EGM.

There are no restrictions on any subsequent sale of the Conversion Shares.

The Issue Price and the Conversion Price : The Issue Price is HK\$1.90 per Share and the Conversion Price is HK\$2.15 per Share. The Issue Price and the Conversion Price were determined based on arm's length negotiations between the Company and the Seller by reference to the prevailing market prices of the Shares as shown in the following table:

| Reference Prices | Issue Price representing | Conversion Price representing |
|--|------------------------------------|--------------------------------------|
| The closing price of HK\$2.05 per Share as quoted on the Stock Exchange on the Last Trading Day | A discount of approximately 7.32% | A premium of approximately 4.88% |
| The average closing price of approximately HK\$1.91 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including Last Trading Day | A discount of approximately 0.52% | A premium of approximately 12.57% |
| The average closing price of approximately HK\$1.65 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day | A premium of approximately 15.15% | A premium of approximately 30.30% |
| The average closing price of approximately HK\$1.53 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day | A premium of approximately 24.18% | A premium of approximately 40.52% |
| The audited consolidated net asset value per Share attributable to the Shareholders of approximately HK\$3.86 as at December 31, 2011 | A discount of approximately 50.78% | A discount of approximately 44.30% |

**Conditions
Precedent**

- : Completion of the Acquisition is conditional upon, among others:
- (i) the passing of all necessary resolutions including but not limited to the resolutions of Independent Shareholders at the EGM;
 - (ii) all requisite filings or registrations having been made with, and all requisite governmental authorizations on terms and conditions satisfactory to the Company having been obtained from all applicable governmental entities, or other third parties which are necessary in connection with the execution and performance of the Sale and Purchase Agreement and any transaction contemplated herein;
 - (iii) the Stock Exchange granting or agreeing to grant approval for the listing of and permission to deal in the Consideration Shares and the Conversion Shares and such listing and permission remaining in full force and effect and not subsequently revoked;
 - (iv) each of the warranties under the Sale and Purchase Agreement being accurate until the Completion Date;
 - (v) all third party consents to the transfer of Sale Share pursuant to the Sale and Purchase Agreement that are required under any contracts, commitment or undertaking to which any members of the Target Group is a party having been obtained;
 - (vi) the Company in its sole and absolute determination being satisfied with its due diligence investigation in respect of the Target Group;
 - (vii) the Seller and the Company having agreed the Disclosure Letter, the form of which shall be satisfactory to the Company at its sole and absolute discretion; and
 - (viii) the completion of the Reorganization and the payment in full of all amount payable by the Target Group and the Seller Group in connection with or pursuant to the Reorganization, except for the Outstanding Payment, an amount equivalent to which shall be paid by the Seller Group to Dragon Merit prior to the Completion Date for the purpose of settlement of the Outstanding Payment.

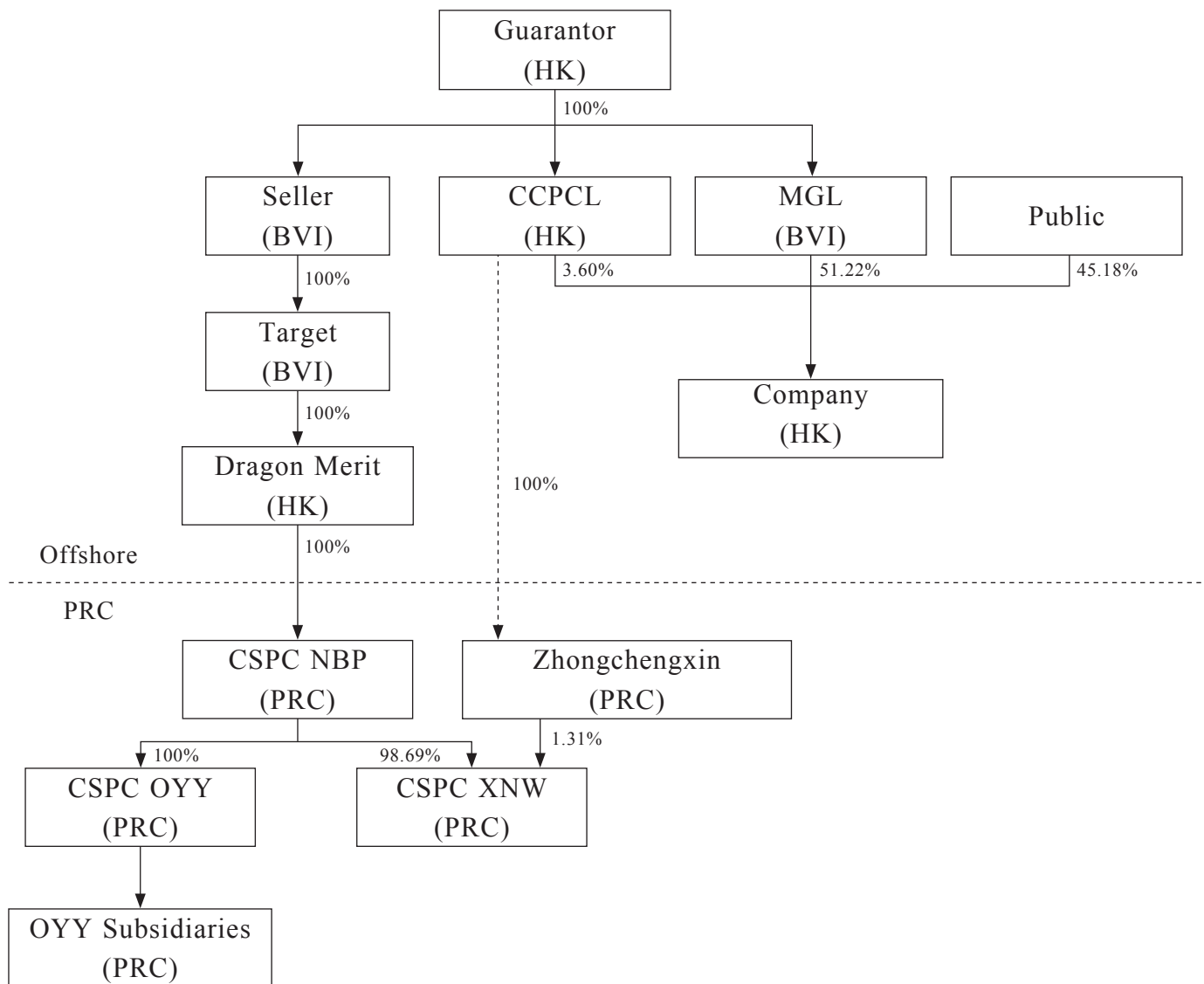
Except for the conditions set out in the above (i) to (iii), the Company may at any time waive in whole or in part any of the conditions by written notice to the Seller. As at the date hereof, the Company has not received any notification from the Seller that there is any conditions precedent under the Sale and Purchase Agreement which cannot be satisfied and the Company does not contemplate to waive any condition precedent under the Sale and Purchase Agreement.

- Completion** : Subject to the fulfillment or waiver of the conditions precedent to Completion, on the 5th Business Day following the fulfillment or waiver of all of the conditions precedent under the Sale and Purchase Agreement (other than those conditions that by their terms are intended to or may be fulfilled at Completion) at the Company's solicitors' office or at such other place and/or on such other date as the Company and the Seller may agree in writing.
- Termination** : If any of the obligations of the Seller or the Company under the Sale and Purchase Agreement is not complied with on the Completion Date, the party not in default may terminate the Sale and Purchase Agreement by notice to the other party without liability on its part, whereupon all of the provisions of the Sale and Purchase Agreement shall cease to have effect.
- Application for Listing** : An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares.

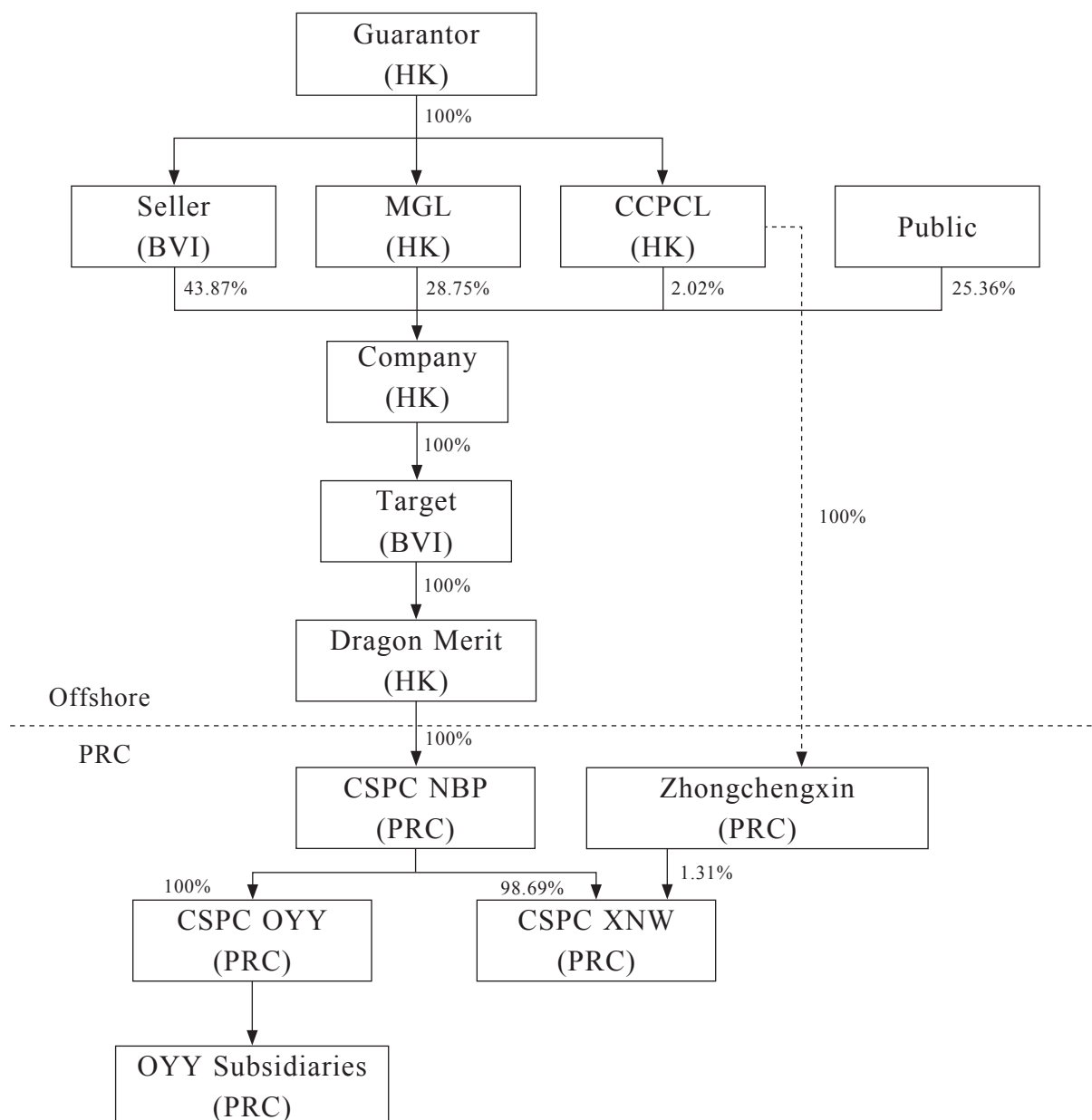
3. INFORMATION OF THE PARTIES

(a) Shareholding Structure of the Target Group

The following is the simplified shareholding structure of the Company and the Target as at the date of this announcement:



The following is the simplified shareholding structure chart of the Company and the Target immediately following Completion:



(b) The Reorganization

For the purpose of the Acquisition, the Reorganization involves (i) transfer of 75% equity interests in CSPC NBP from CSPC OYY to CCPCL, as a result of which CSPC NBP becomes a wholly-owned subsidiary of CCPCL; (ii) transfer of 100% equity interests in CSPC NBP from CCPCL to Dragon Merit, as a result of which CSPC NBP becomes a wholly-owned subsidiary of Dragon Merit; (iii) transfer of 100% equity interests in CSPC OYY from SPG to CSPC NBP, as a result of which CSPC OYY becomes a wholly-owned subsidiary of CSPC NBP; and (iv) transfer of 98.69% shares of CSPC XNW from SPG to CSPC NBP, as a result of which CSPC XNW becomes a non-wholly-owned subsidiary of CSPC NBP. The above mentioned transfers have been completed in accordance with the Reorganization plans in May 2012.

The shareholding structure of each of CSPC NBP, CSPC OYY and CSPC XNW before and after the Reorganization is set out in the table below:

| | Before the Reorganization | After the Reorganization |
|-----------------|--|---|
| CSPC NBP | as to 75% held by CSPC OYY; as to 25% held by CCPCL | 100% held by Dragon Merit |
| CSPC OYY | 100% by SPG | 100% held by CSPC NBP |
| CSPC XNW | as to 98.69% held by SPG; as to 1.31% held by Zhongchengxin | as to 98.69% held by CSPC NBP; as to 1.31% held by Zhongchengxin |

(c) Information on the Target Group

(i) The Group

The Group is principally engaged in the manufacture and sale of pharmaceutical products.

(ii) The Seller

The Seller, being an investment holding company, carries on, through its subsidiaries, the business of the manufacture and sale of pharmaceutical products.

(iii) The Target Group

The Target Group consists of CSPC OYY (and OYY Subsidiaries), CSPC NBP and CSPC XNW. The Target Group is principally engaged in the production and sale of pharmaceutical chemicals, the investment in and management of pharmaceutical projects, the development of medical technology, the export of its products and related technology, raw and auxiliary materials, instruments, mechanical equipment and spare parts and related technology.

CSPC OYY (and OYY Subsidiaries) has four pharmaceutical manufacturing buildings designed in accordance with GMP standard and four bulk drugs production lines meeting international standard. It manufactures over 200 pharmaceutical products, including “Azithromycin Capsules”, “Alendronate Sodium Tablets” and “Levoamlodipine Maleate Tablets” etc., which are all recognized pharmaceutical products in the PRC.

CSCP NBP is a modern pharmaceutical enterprise, primarily engaged in the research and manufacture of drugs relating to central nervous system. One of its key products, “Butylphthalide Soft Capsules”, is a medicine which treats cerebrovascular disease.

One of CSCP XNW’s major products is caffeine, which is highly sought around the world. Customers of CSCP XNW for its caffeine include international brand names, as well as global distributors.

(iv) Financial information of the Target Group

Based on the audited accounts of CSCP OYY, the net asset value of CSCP OYY is RMB377,794,000 as at December 31, 2011. The following information is a summary of the financial statements of CSCP OYY for the two financial years ended December 31, 2011:

| | For the year ended December 31, 2010 <i>RMB '000</i> | For the year ended December 31, 2011 <i>RMB '000</i> |
|---|--|--|
| Net profits/(loss) before tax and extraordinary items | 132,502 | 167,354 |
| Net profits/(loss) after tax and extraordinary items | <u>113,745</u> | <u>142,448</u> |

Based on the audited accounts of CSCP NBP, the net asset value of CSCP NBP is RMB220,426,000 as at December 31, 2011. The following information is a summary of the financial statements of CSCP NBP for the two financial years ended December 31, 2011:

| | For the year ended December 31, 2010 <i>RMB '000</i> | For the year ended December 31, 2011 <i>RMB '000</i> |
|---|--|--|
| Net profits/(loss) before tax and extraordinary items | 13,989 | 116,533 |
| Net profits/(loss) after tax and extraordinary items | <u>13,989</u> | <u>105,547</u> |

Based on the audited accounts of CSPC XNW, the net asset value of CSPC XNW is RMB235,164,000 as at December 31, 2011. The following information is a summary of the financial statements of CSPC XNW for the two financial years ended December 31, 2011:

| | For the year ended December 31, 2010 <i>RMB'000</i> | For the year ended December 31, 2011 <i>RMB'000</i> |
|---|---|---|
| Net profits/(loss) before tax and extraordinary items | 53,379 | 77,681 |
| Net profits/(loss) after tax and extraordinary items | <u>45,240</u> | <u>66,029</u> |

Based on the audited accounts of the OYY Subsidiaries, the aggregate net asset value of the OYY Subsidiaries is RMB71,006,676 as at December 31, 2011. The following information is a summary of the financial statements of the OYY Subsidiaries for the two financial years ended December 31, 2011:

| | For the year ended December 31, 2010 <i>RMB'000</i> | For the year ended December 31, 2011 <i>RMB'000</i> |
|---|---|---|
| Net profits/(loss) before tax and extraordinary items | 65 | 347 |
| Net profits/(loss) after tax and extraordinary items | <u>(468)</u> | <u>295</u> |

Note:

- (1) The audited accounts of each of CSPC NBP, CSPC XNW and CSPC OYY were prepared in accordance with the generally accepted accounting principles in the PRC.
- (2) The financial statements of CSPC NBP, CSPC OYY and CSPC XNW for the two years ended December 31, 2011 have not reflected the effect of the Reorganization.
- (3) The financial statements of CSPC OYY for the two years ended December 31, 2011 have not included the financial information of OYY Subsidiaries nor the financial information of CSPC NBP.

The audited accounts of the Target Group will be included and furnished to Shareholders in the circular to be prepared and despatched by the Company in connection with the EGM. The representations and warranties given by the Seller in the Sale and Purchase Agreement include, among other things, a warranty that the net tangible asset value of the Target Group will be no less than HK\$950 million as of the Completion Date, which will be determined by the Company with reference to the supporting materials to be provided by the Seller (including the management accounts of the Target Group as of the Completion Date), and one of the conditions to Completion is all the warranties (including the warranty that the net tangible asset value of the Target Group will be no less than HK\$950 million) under the Sale and Purchase Agreement being accurate until the Completion Date.

(v) *Previous Disposal of CSPC NBP by the Company*

Reference is made to the announcements and circular of the Company in relation to, among others, the disposal of CSPC NBP dated May 22, 2009, July 3, 2009 and June 12, 2009 respectively. Pursuant to the Asset Swap Agreement, the Company transferred its entire equity interest in CSPC NBP to CCPCL in exchange for the transfer of the entire equity interest in Hong Yuan from CCPCL to the Company. The consideration of the Asset Swap was HK\$125,000,000 and was satisfied by the Company transferring its entire equity interest in CSPC NBP in exchange for CCPCL's entire equity interest in Hong Yuan.

The reason for the Company's disposal of CSPC NBP in 2009 was the uncertain prospect and the unsatisfactory performance of CSPC NBP at that time and the relief of the Company from the financial burden of CSPC NBP after the completion of the Asset Swap. As shown in the financial information of the Target Group, the reasons for the disposal of CSPC NBP at the time of the Asset Swap no longer exist as at the date of this announcement, as such the Directors (excluding the independent non-executive Directors) are of the view that the Acquisition (including CSPC NBP) is in the interests of the Company and the Shareholders as a whole. Please refer to the section headed "Reasons for and Benefits of the Acquisition" for more information.

4. SHAREHOLDING STRUCTURE

The following chart depicts the effects of the issue of the Consideration Shares and the Conversion Shares on the shareholding structure of the Company based on the issued share capital and shareholding structure of the Company as at the date of this announcement and assuming issuance of the maximum number of Consideration Shares and the exercise in full of conversion rights attaching to the Convertible Bonds at the Conversion Price, assuming no further Shares would be issued after the date of this announcement and prior to Completion:

| Name of Shareholders | As at the date of this announcement | | Immediately after the allotment and issue of the Consideration Shares but before conversion of any Convertible Bonds <i>(Note 1)</i> | | Immediately after the allotment and issue of the Consideration Shares and the Conversion Shares (assuming issuance of the maximum number of Conversion Shares and no adjustment to the principal amount of the Convertible Bonds and the Conversion Price – for illustration purpose only, as this would not happen given that there will not be sufficient Public Float) <i>(Notes 1, 2 & 3)</i> | | Immediately after the allotment and issue of the Consideration Shares and the Conversion Shares to the extent that immediately after such conversion, there will be a sufficient Public Float <i>(Notes 1, 2 & 3)</i> | |
|--|-------------------------------------|--|---|--|--|--|--|--|
| | No. of Shares | Approximate % of issued share capital of the Company | No. of Shares | Approximate % of issued share capital of the Company | No. of Shares | Approximate % of issued share capital of the Company | No. of Shares | Approximate % of issued share capital of the Company |
| | | | | | | | | |
| Seller | — | — | 1,195,655,037 | 43.87 | 4,315,773,841 | 78.83 | 1,235,226,411 | 44.67 |
| MGL (and other associates of the Seller) | 838,518,393 | 54.81 | 838,518,393 | 30.77 | 838,518,393 | 14.34 | 838,518,393 | 30.33 |
| Sub-total for the Seller Group | 838,518,393 | 54.81 | 2,034,173,430 | 74.64 | 5,154,292,234 | 88.17 | 2,073,744,804 | 75.00 |
| Public Shareholders | 691,248,268 | 45.19 | 691,248,268 | 25.36 | 691,248,268 | 11.83 | 691,248,268 | 25.00 |
| Total | 1,529,766,661 | 100 | 2,725,421,698 | 100 | 5,845,540,502 | 100 | 2,764,993,072 | 100 |

Notes:

1. The number of Consideration Shares to be allotted and issued upon Completion is calculated using the Consideration Shares Amount of HK\$2,271,744,570.30 and the Issue Price of HK\$1.90.
2. The number of Conversion Shares to be allotted and issued upon the conversion of the Convertible Bonds is calculated by exchanging the principal amount to HK\$ at the exchange rate of US\$1 to HK\$7.80 using the initial Conversion Price of HK\$2.15. The number of Shares to be rounded down to the nearest whole number if applicable.

3. The shareholding structure is shown for illustration purpose only and may not be exhaustive. Pursuant to conversion restrictions under the terms and conditions of the Convertible Bonds, no conversion right may be exercised to the extent that, immediately after such conversion, there will not be a sufficient Public Float.

5. REASONS FOR AND BENEFITS OF THE ACQUISITION

Expanding the finished drugs business and reducing the reliance on contribution from the intermediates and bulk drugs

One of the main reasons of the Acquisition is to expand the Group's presence in the increasingly competitive finished drugs market in PRC. The Group is principally engaged in the manufacture and sale of pharmaceutical products and has two operational segments, namely, (i) intermediates and bulk drugs business and (ii) finished drugs business.

For the financial year ended December 31, 2011, the manufacture and sale of intermediates and bulk drug products, which include vitamin C series and antibiotics series, contributed 65.58% of the Group's overall revenue. These intermediates and bulk drugs are commodity-like products with volatile product prices and profit margins. With a substantial addition of production capacity, both the vitamin C and antibiotic markets have been increasingly facing excess market supply and low product price levels for recent years.

In contrast, the finished drugs market in PRC has been rapidly growing in the past decade. With its solid customer base and broad distribution network, the finished drugs business of the Target Group has enormous growth potential. After the Acquisition, it is expected that contribution from the finished drugs business to the Group's business will increase, thus reducing the current reliance on intermediates and bulk drugs. The Directors believe that such a development could secure a more stable flow of business for, and reduce volatility in, the Group's finance performance.

Enhancing the product mix of the Group and providing growth drivers to the Group

In order to enhance the profitability of the Group, the Directors have continued to review its existing businesses and strived to improve the business operations of the Group by proactively seeking potential investment opportunities that could diversify its existing products portfolio. The Target Group manufactures a number of products which have enormous growth potential. The Target Group's pharmaceutical products, including "Butylphthalide Soft Capsules", "Azithromycin Capsules", and "Oxiracetam Capsules", are recognized products in the PRC pharmaceutical market and the Directors believe that they have significant growth potential. It is expected that these products will become the major growth drivers of the Group in the coming years.

Enlarging the earning base of the Group and relieving the existing pressure of the Group

The oversupply of both vitamin C and antibiotics series products in the market is expected to remain. In addition, government policies will continue to adversely affect the antibiotic industry. At present, the Group is faced with a difficult operating environment and has been incurring loss since the fourth quarter of 2011. Based on the audited accounts of each of CSPC OYY (excluding the OYY Subsidiaries), CSPC NBP and CSPC XNW for the financial year ended December 31, 2011, the profit-before-tax of these three companies are RMB167,354,000, RMB116,533,000 and RMB77,681,000, respectively. The Acquisition is expected to expand the earning base of the Group and increase the Group's profitability and relieve the pressure imposed by the challenging market of the Group.

Improving the overall competitiveness of the Group

Amid the ongoing reform in the pharmaceutical industry in the PRC, large companies are in better position to compete and benefit from the government policies. The Acquisition will enable the Group to expand its presence in the market and better benefit from these market trends. The Company believes that the Acquisition will improve the overall competitiveness of the Group.

Based on the above, the Directors (excluding the independent non-executive Directors) believe that the terms of the Transactions are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

6. THE CAPITAL INCREASE

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 3,000,000,000 Shares of a par value of HK\$0.10 each, of which 1,529,766,661 Shares are in issue. In order to accommodate the expansion plans of the Group as well as the issue of the Consideration Shares and the Conversion Shares, the Board proposes to increase the authorised share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 Shares to HK\$3,000,000,000 divided into 30,000,000,000 Shares. The Capital Increase is conditional upon, among other things, the approval by way of an ordinary resolution of the Shareholders at the EGM.

7. IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and will accordingly be subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Seller, a wholly-owned subsidiary of the Guarantor (which is interested in approximately 54.81% of the issued share capital of the Company at the date of this announcement), is a connected person of the Company. Accordingly, the Acquisition will also constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Associates of the Seller (including MGL, a 51.22% shareholder of the Company, and CCPCL, a 3.60% shareholder of the Company) which have material interests in the Acquisition are required to abstain from voting on the relevant resolutions relating to the Acquisition at the EGM.

8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Financial Adviser will make a recommendation to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Acquisition. The Company has established the Independent Board Committee, comprising of all independent non-executive Directors, namely Mr. Huo Zhenxing, Mr. Qi Moujia, Mr. Guo Shichang and Mr. Chan Siu Keung, Leonard and the Independent Board Committee will, upon the advice of the Independent Financial Adviser, make recommendations to the Independent Shareholders as to whether the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, which will be disclosed in the circular to be prepared and despatched by the Company in connection with the EGM.

9. EGM

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, except for MGL, CCPCL and any other associate of the Seller, which have material interests in the Acquisition, no Shareholders will be required to abstain from voting in relation to the resolution to approve, among other things, the Acquisition and the transactions contemplated thereunder at the EGM.

No Shareholders will be required to abstain from voting on the relevant resolution to approve the Capital Increase.

10. DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Acquisition and the Capital Increase; (ii) a letter from the Independent Board Committee in relation to the Acquisition; (iii) a letter from the Independent Financial Adviser in relation to the Acquisition; (iv) financial information of the Group; (v) financial information of the Target Group; (vi) unaudited pro forma financial information of the Enlarged Group; (vii) the notice of the EGM; and (viii) other information as required under the Listing Rules will be despatched to the Shareholders in due course.

As additional time is required to prepare the aforesaid information to be included in the circular, the circular is expected to be despatched to the Shareholders on or before July 27, 2012.

11. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on Monday, June 18, 2012 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on Wednesday, June 27, 2012.

As the Sale and Purchase Agreement is subject to a number of conditions precedent, the Sale and Purchase Agreement may or may not be completed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

| | |
|------------------------|---|
| “Acquisition” | the acquisition of the entire issued share capital of the Target by the Company from the Seller pursuant to the terms of the Sale and Purchase Agreement; |
| “Asset Swap” | the acquisition of 100% equity interest in Hong Yuan by the Company and the disposal of 100% equity interest in CSPC NBP by the Company pursuant to the Asset Swap Agreement, the completion of which took place on July 3, 2009; |
| “Asset Swap Agreement” | the agreement dated May 22, 2009 entered into by CCPCL and the Company in relation to the Asset Swap; |
| “associate” | has the meaning ascribed to it in the Listing Rules; |
| “Board” | the board of Directors; |
| “Bondholder” | the holder of any Convertible Bonds; |
| “Business Day” | a day (other than a Saturday) on which banks in Hong Kong are open to conduct business in Hong Kong generally throughout their normal business hours; |
| “BVI” | the British Virgin Islands; |

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| “Capital Increase” | the proposed increase in the authorised share capital of the Company from HK\$300,000,000 divided into 3,000,000,000 Shares to HK\$3,000,000,000 divided into 30,000,000,000 Shares by the creation of 27,000,000,000 additional Shares; |
| “CCPCL” | China Charmaine Pharmaceutical Company Limited, a company incorporated in Hong Kong and wholly-owned by SPG; |
| “Company” | China Pharmaceutical Group Limited (中國製藥集團有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 1093); |
| “Completion” | completion of the Acquisition; |
| “Completion Date” | the date when the Completion would take place pursuant to the Sale and Purchase Agreement; |
| “connected person” | has the meaning ascribed to it in the Listing Rules; |
| “Consideration” | the aggregate consideration of HK\$8,980,000,000 payable by the Company in respect of the Acquisition under the Sale and Purchase Agreement; |
| “Consideration Shares” | the 1,195,655,037 new Shares to be allotted and issued to the Seller (or, at the request of the Seller, the Guarantor or its wholly owned subsidiaries); |
| “Consideration Shares Amount” | HK\$2,271,744,570.30; |
| “Conversion Price” | HK\$2.15; |
| “Conversion Share(s)” | new Share(s) which may fall to be allotted and issued upon conversion of the Convertible Bonds at the initial Conversion Price; |
| “Convertible Bonds” | the convertible bonds in the principal amount of US\$860,032,747.40 to be issued by the Company to the Seller (or, at the request of the Seller, the Guarantor or its wholly-owned subsidiaries) as part of the Consideration upon Completion, consisting of the Tranche I Bonds and the Tranche II Bonds; |
| “Convertible Bonds Amount” | HK\$6,708,255,429.70; |

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| “Convertible Bonds Instrument” | the instrument constituting the Convertible Bonds to be issued by the Company upon Completion; |
| “CSPC NBP” | 石藥集團恩必普藥業有限公司 (CSPC NBP Pharmaceutical Co., Ltd.), a wholly foreign owned enterprise with limited liability established under the laws of the PRC and wholly owned by the Target; |
| “CSPC OYY” | 石藥集團歐意藥業有限公司 (CSPC Ouyi Pharmaceutical Co., Ltd.*), a limited liability company established under the laws of the PRC and wholly owned by CSPC NBP; |
| “CSPC XNW” | 石藥集團新諾威製藥股份有限公司 (CSPC XNW Pharmaceutical Joint Stock Company Limited*), a limited liability company established under the laws of the PRC and owned as to 98.69% by CSPC NBP; |
| “Current Market Price” | means in respect of the Shares on a particular date, the average closing price per Share quoted on the daily quotation sheets of the Stock Exchange for the five (5) Trading Days immediately preceding such date; |
| “Dragon Merit” | Dragon Merit Holdings Limited, a limited company incorporated in Hong Kong wholly owned by the Target; |
| “Directors” | the directors of the Company; |
| “Disclosure Letter” | the letter to be issued by the Seller to the Company together with the bundle of documents attached to it; |
| “EGM” | the extraordinary general meeting of the Company to be held to approve, among other things, the Transactions and the Capital Increase; |
| “Enlarged Group” | the Group (including the Target Group) following Completion; |
| “Extended Maturity Date” | the last Business Day (as defined in the Convertible Bonds Instrument) of the 365-day period immediately following the Initial Maturity Date; |

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| “Force Majeure Event” | any event, series of events, circumstances, change or prospective change beyond the control of a reasonable business operator in the same line of business of that of the Target Group, including, without limitation, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, the imposition of economic sanctions, strike, lock-out, fire, explosion, flooding, earthquake, civil commotion, riot, public disorder, act of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism; |
| “Group” | the Company and its subsidiaries; |
| “GMP standard” | Good Manufacturing Practice, a set of guidelines and regulations, issued from time to time pursuant to the Law of the PRC on the Administration of Pharmaceuticals (中華人民共和國藥品管理法) as part of quality assurance which is designated to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled with conformity to the quality and standards appropriate for their intended use; |
| “Guarantor” | the Seller’s guarantor, Massive Top Limited, a limited liability company incorporated in Hong Kong and owned as to 75% by MRL; |
| “H Fund” | Hony Capital Fund III, L.P., a Cayman Islands exempted limited partnership; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “Hong Yuan” | 河北宏源化工有限公司 (Hebei Hong Yuan Chemical Co., Ltd.*), a limited liability company established under the laws of the PRC wholly owned by the Company; |
| “Independent Board Committee” | the committee of independent non-executive Directors, comprising Mr. Huo Zhenxing, Mr. Qi Moujia, Mr. Guo Shichang and Mr. Chan Siu Keung, Leonard, established to advise the Independent Shareholders in respect of the Acquisition; |
| “Independent Financial Adviser” | the independent financial adviser to the Independent Board Committee and the Independent Shareholders to be appointed to advise on the Acquisition according to the Listing Rules; |
| “Independent Shareholders” | the Shareholders other than MGL, CCPCL and any other associate of the Seller who are required to abstain from voting at the EGM pursuant to the Listing Rules; |

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| “Initial Maturity Date “ | the fifth anniversary of the issuance date of the Convertible Bonds; |
| “Issue Price” | the issue price of HK\$1.90 per Consideration Share; |
| “Last Trading Day” | June 15, 2012, being the final day of trading prior to suspension of trading in the Shares and the last trading day for the Shares before the date of the Announcement; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “MGL” | Massive Giant Group Limited, a limited liability company incorporated in the BVI and wholly owned by the Guarantor; |
| “MRL” | March Rise Limited, a limited liability company incorporated in the BVI and wholly owned by H Fund; |
| “Net Profit” | for any fiscal year, means the amount of profit after tax of the Target Group as stated in the audited consolidated financial statements of the Target prepared in accordance with Hong Kong financial reporting standards for such fiscal year; |
| “Outstanding Bonds” | all the Convertible Bonds issued other than (a) those which have been cancelled in accordance with the Convertible Bonds Instrument; (b) those mutilated or defaced Convertible Bonds which have been surrendered in exchange for replacement Convertible Bonds pursuant to the Convertible Bonds Instrument; or (c) those Convertible Bonds alleged to have been lost, stolen or destroyed and in respect of which replacement Convertible Bonds have been issued pursuant to the Convertible Bonds Instrument; |
| “Outstanding Payment” | a sum of RMB470,000,000 or such other sum as disclosed under the Disclosure Letter payable by CSPC NBP to SPG in connection with or pursuant to the Reorganization; |
| “OYY Subsidiaries” | 石藥歐意國際製藥有限公司 (Shiyao Ouyi International Pharmaceutical Co., Ltd.*), which is wholly owned by CSPC OYY, 石藥集團歐意進出口貿易有限公司 (CSPC Ouyi Import and Export Trade Co., Ltd.*), which is wholly owned by CSPC OYY and 石家莊製藥集團華盛製藥有限公司 (Shijiazhuang Pharmaceutical Group Huasheng Pharmaceutical Co., Ltd.*), 55% equity interests of which is owned by CSPC OYY and 45% equity interests of which is owned by CCPCL; |
| “PRC” | the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan; |

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|-------------------------------|--|
| “Public Float” | the Shares held in the public hands, including the Shares beneficially owned by the Shareholders other than any connected person of the Company or any person whose acquisition of securities has been financed directly or indirectly by such connected person or who is accustomed to take instructions from such connected person in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered in his name or otherwise held by him; |
| “Reorganization” | the reorganization of the Target Group, which involved, among others, transfer of 100% equity interests in CSPC NBP to CCPCL and then Dragon Merit, transfer of 100% equity interests in CSPC OYY to CSPC NBP and transfer of 98.69% shares of CSPC XNW to CSPC NBP; |
| “Sale and Purchase Agreement” | the agreement dated June 17, 2012 entered into between the Seller, the Company and the Guarantor in respect of the Acquisition; |
| “Sale Share” | One (1) ordinary share in the share capital, comprising of 100% of the total issued share capital, of the Target; |
| “Seller” | Joyful Horizon Limited, a company incorporated in BVI wholly owned by the Guarantor; |
| “Seller Group” | the Seller and all of its affiliates, excluding the Target Group; |
| “Share(s) “ | ordinary share(s) of HK\$0.10 each in the share capital of the Company; |
| “Shareholder(s)” | the shareholders of the Company; |
| “SPG” | 石藥集團有限公司 (Shijiazhuang Pharmaceutical Group Company Limited*), a company established in the PRC and wholly owned by the Guarantor; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “subsidiary” | has the meaning ascribed to that term in the Listing Rules; |
| “Target” | Robust Sun Holdings Limited, a company incorporated in BVI and wholly owned by the Seller; |
| “Target Group” | the Target and its subsidiaries and, each of the Target and subsidiaries, a “Target Company”; |

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|--------------------|---|
| “Tranche I Bonds” | the first tranche of the Convertible Bonds with its original aggregate principal amount being US\$774,029,472.70 to be issued pursuant to the terms under the Convertible Bonds Instrument; |
| “Tranche II Bonds” | the second tranche of the Convertible Bonds with its original aggregate principal amount being US\$86,003,274.70 to be issued pursuant to the terms under the Convertible Bonds Instrument; |
| “Transactions” | the Acquisition, the issue of Consideration Shares and the issue of Convertible Bonds; |
| “Zhongchengxin” | 河北中誠信擔保保證有限公司 (Hebei Zhongchengxin Guarantee Co., Ltd.*), a limited liability company established under the laws of the PRC and indirectly wholly owned by CCPCL; |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong; |
| “US\$” | United States dollar(s), the lawful currency of the United States of America; and |
| “%” | per cent. |

Note:

The exchange rate between United States dollars and Hong Kong dollars in this announcement is US\$1 = HK\$7.8. The provision of such exchange rate does not mean that Hong Kong dollars could be converted into the United States dollars based on such exchange rate.

* *The English names are for identification purposes only.*

For and on behalf of the Board
China Pharmaceutical Group Limited
Cai Dongchen
Chairman

Hong Kong, June 26, 2012

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 and Mr. CHAN Siu Keung, Leonard as independent non-executive directors.