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COMPLETION OF VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

The Board is pleased to announce that completion of the Acquisition took place on October 29, 2012.

Reference is made to the announcement of China Pharmaceutical Group Limited (the “**Company**”) dated June 26, 2012 and the circular of the Company dated September 27, 2012 (the “**Circular**”) in relation to, among other things, the Acquisition and the Capital Increase and the announcement of the Company dated October 19, 2012 in relation to poll results of the extraordinary general meeting (“**EGM**”) of the Company held on October 19, 2012. Unless otherwise defined or the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

COMPLETION OF THE VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

The board of directors (the “**Board**”) of the Company is pleased to announce that, following the approval by the Shareholders at the EGM held on October 19, 2012 and the granting of the listing of and permission to deal in the Consideration Shares and the Conversion Shares by the Listing Committee of the Stock Exchange, all the conditions precedent set out in the Sale and Purchase Agreement have been fulfilled and completion of the Acquisition took place on October 29, 2012.

Upon completion of the Acquisition and pursuant to the Sale and Purchase Agreement, the Company allotted and issued 1,195,655,037 Consideration Shares and issued the Convertible Bonds in an aggregate amount of US\$860,032,747.40 convertible to 3,120,118,804 Conversion Shares at the initial Conversion Price of HK\$2.15 per Conversion Share (subject to adjustment) to the Seller.

Following completion of the Acquisition, the Target became a wholly-owned subsidiary of the Company.

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

Hong Kong, October 29, 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.