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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** or transferred all your shares in **CHINA PHARMACEUTICAL GROUP LIMITED**, you should at once hand this circular with the accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)**

**PROPOSALS FOR  
GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES,  
RE-ELECTION OF THE RETIRING DIRECTORS AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening an annual general meeting of China Pharmaceutical Group Limited to be held at Suite 3206, 32nd Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong on Friday, 25 May 2012 at 10:00 a.m. is set out on pages 16 to 20 of this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of a proxy form will not prevent you from attending and voting in person at the meeting should you so desire.

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## DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Suite 3206, 32nd Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong on Friday, 25 May 2012 at 10:00 a.m., notice of which is set out on pages 16 to 20 of this circular
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Companies Ordinance”	the Companies Ordinance (Chapter 32) of the Laws of Hong Kong
“Company”	China Pharmaceutical Group Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	17 April 2012, being the latest practicable date prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase during the period as set out in the Repurchase Resolution Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in resolution no. 4 of the notice of the Annual General Meeting

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## DEFINITIONS

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“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange
“Share Repurchase Code”	the Hong Kong Code on Share Repurchases
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Repurchase
“HK\$”	Hong Kong dollars, the lawfully currency of Hong Kong

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## LETTER FROM THE CHAIRMAN

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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)**

*Executive Directors:*

CAI Dongchen (*Chairman and CEO*)

FENG Zhenying

CHAK Kin Man

PAN Weidong

ZHAO John Huan

WANG Shunlong

WANG Huaiyu

LU Jianmin

WANG Zhenguo

*Registered Office:*

Suite 3206, 32nd Floor

Central Plaza

18 Harbour Road

Wan Chai

Hong Kong

*Non-executive Director:*

LEE Ka Sze, Carmelo

*Independent Non-executive Directors:*

HUO Zhenxing

QI Moujia

GUO Shichang

CHAN Siu Keung, Leonard

Hong Kong, 24 April 2012

*To the shareholders,*

Dear Sir or Madam,

**PROPOSALS FOR  
GENERAL MANDATES TO REPURCHASE SHARES  
AND TO ISSUE SHARES,  
RE-ELECTION OF THE RETIRING DIRECTORS AND  
NOTICE OF ANNUAL GENERAL MEETING**

**GENERAL MANDATE TO REPURCHASE SHARES**

At the annual general meeting of the Company held on 27 May 2011, a general mandate was given by the Company to the Directors to exercise the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the forthcoming

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## LETTER FROM THE CHAIRMAN

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Annual General Meeting. The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the Annual General Meeting. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in the Appendix I hereto.

### **GENERAL MANDATE TO ISSUE SHARES**

It will also be proposed at the Annual General Meeting two ordinary resolutions respectively granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing the resolution (i.e. not exceeding 305,953,332 Shares based on the issued share capital of the Company of 1,529,766,661 Shares as at the Latest Practicable date and assuming that such issued share capital remains the same as at the date of passing the resolution) and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the general mandate to repurchase up to 10% of the issued share capital of the Company as at the date of passing the Repurchase Resolution.

### **RE-ELECTION OF RETIRING DIRECTORS**

As at the Latest Practicable Date, the executive Directors are 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; the non-executive Director is Mr. LEE Ka Sze, Carmelo and the independent non-executive Directors are Mr. HUO Zhenxing, Mr. QI Moujia, Mr. GUO Shichang and Mr. CHAN Siu Keung, Leonard.

Pursuant to Article 92 of the Articles of Association of the Company, Mr. WANG Zhenguo, who is newly appointed Director, shall retire from office at the Annual General Meeting and, being eligible, offer himself for re-election.

In addition, pursuant to Article 101 of the Articles of Association, Mr. FENG Zhenying, Mr. ZHAO John Huan, Mr. WANG Shunlong, Mr. LEE Ka Sze, Carmelo, and Mr. QI Moujia, who are directors in longest office since their last re-election, shall retire by rotation from office at the Annual General Meeting and, being eligible, offer themselves for re-election.

Pursuant to revised code provision A.4.3. of the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules, if an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution

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## LETTER FROM THE CHAIRMAN

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to be approved by shareholders and the Board should set out to shareholders in the papers accompanying a resolution the reasons why the board believes he is still independent and should be re-elected.

Mr. QI Moujia, who was appointed as a non-executive director of the Company in 1996, has served as an independent non-executive director of the Company for more than 9 years. He will retire by rotation in accordance with the Articles of Association of the Company at the Annual General Meeting. During his tenure of office, Mr. QI Moujia has been able to fulfill all the requirements regarding independence of an independent non-executive director and provide annual confirmation of independence to the Company under Rule 3.13 of the Listing Rules. The Board is not aware of any foreseeable events that may occur and affect the independence of Mr. QI Moujia and believes that Mr. QI Moujia is and will continue to be independent of the Company. The Board will continue to review the independence of Mr. QI Moujia annually.

Besides, during his tenure of office, Mr. QI Moujia had discharged his duties as an independent non-executive director to the satisfaction of the Board. Through exercising the scrutinising and monitoring function of an independent non-executive director, he had contributed to an upright and efficient board of directors for the interest of Shareholders.

In view of the above, the Board considers that the re-election of Mr. QI Moujia as an independent non-executive director is beneficial to the Board, the Company and the Shareholders as a whole. A separate ordinary resolution will be proposed at the Annual General Meeting to approve the re-election of Mr. QI Moujia as an independent non-executive director of the Company.

Details of the Directors proposed to be re-elected at the Annual General Meeting are set out in Appendix II to this circular.

### **ANNUAL GENERAL MEETING**

Set out on pages 16 to 20 of this circular is the notice convening the Annual General Meeting.

At the Annual General Meeting, resolutions will be proposed to the Shareholders in respect of ordinary business to be considered at the Annual General Meeting, including re-election of Directors, and special business to be considered at the Annual General Meeting, being the ordinary resolutions proposed to approve the Repurchase Proposal, the general mandate for Directors to issue new Shares and the extension of the general mandate to issue new Shares.

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## LETTER FROM THE CHAIRMAN

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### **ACTION TO BE TAKEN**

A proxy form for use at the Annual General Meeting is enclosed herein. Whether or not you intend to attend the Annual General Meeting, you are requested to complete the proxy form and return it to the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Annual General Meeting. Completion and return of a proxy form will not prevent you from attending and voting in person at the meeting should you so desire.

### **VOTING BY WAY OF POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### **RECOMMENDATION**

The Directors believe that all the above-mentioned resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions set out in the notice of Annual General Meeting.

By Order of the Board  
**China Pharmaceutical Group Limited**  
**CAI Dongchen**  
*Chairman*



This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the Repurchase Resolution.

This appendix also constitutes the memorandum required under Section 49BA(3) of the Companies Ordinance.

## **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 1,529,766,661 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Resolution to repurchase a maximum of 152,976,666 Shares representing not more than 10% of the issued share capital at the Latest Practicable Date.

## **2. REASONS FOR REPURCHASE**

The Directors believe that the Repurchase Proposal is in the best interests of the Company and its shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per share of the Company and will only be made when the Directors believe that such a repurchase will benefit the Company and its shareholders.

## **3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the Companies Ordinance. The Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares, made for the purpose of the repurchase to such an extent allowable under the Companies Ordinance.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 December 2011 in the event

that the Repurchase Proposal were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Proposal to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### 4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date and for the month of April 2012 up to the Latest Practicable Date were as follows:

	<b>Shares</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2011</b>		
April	4.90	4.38
May	4.72	3.79
June	4.09	3.17
July	3.89	3.45
August	3.57	2.67
September	2.79	1.67
October	2.33	1.69
November	2.24	1.82
December	1.96	1.60
<b>2012</b>		
January	1.94	1.68
February	2.29	1.86
March	2.20	1.78
April (Up to the Latest Practicable Date)	1.77	1.64

**5. UNDERTAKING**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Resolution and in accordance with the Listing Rules and the applicable laws of Hong Kong.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the Shareholders.

**6. TAKEOVERS CODE**

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Massive Giant Group Limited was beneficially interested in 838,518,393 Shares representing approximately 54.81% of the issued share capital of the Company. Based on such shareholdings and in the event that the Directors exercised in full the power to repurchase Shares pursuant to the Repurchase Mandate, the shareholdings of Massive Giant Group Limited in the Company would be increased to approximately 60.90% of the issued share capital of the Company.

The Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Proposal. The Company may not repurchase Shares which would result in the amount of Shares held by the public being reduced to less than 25%.

**7. SHARES REPURCHASE MADE BY THE COMPANY**

The Company had not purchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

**Mr. FENG Zhenying**

Mr. FENG, aged 56, was appointed as an executive director of the Company in 2003. He is also a director of certain subsidiaries of the Group. He graduated from Hebei Chemical College and has extensive technical and management experience in the pharmaceutical industry.

Mr. FENG has entered into a service contract as an executive director with the Company for a term of three years from 1 April 2012. He is also subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. His director's fee is to be determined by the Board and to be authorised by the Shareholders at the annual general meeting with reference to his performance and responsibilities, performance of the Group and prevailing market practices. Mr. FENG received a director's fee of HK\$60,000 and other emoluments of HK\$643,000 for the year ended 31 December 2011.

Save as disclosed above, Mr. FENG has not held any directorship in any public listed companies in the last three years or any other positions with the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. FENG does not have any interests in the shares of the Company within the meanings of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. FENG has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

**Mr. ZHAO John Huan**

Mr. ZHAO, aged 49, was appointed as an executive director of the Company in 2008. He holds an MBA degree from Kellogg School of Management at Northwestern University, dual master's degrees in electric engineering and physics from Northern Illinois University and a bachelor's degree in physics from Nanjing University. Mr. ZHAO has extensive experience in senior management positions at several companies in the United States and the PRC. Mr. ZHAO is also a vice president and executive director of Legend Holdings Limited, substantial shareholder of the Company, and the CEO of Hony Capital Limited.

Mr. ZHAO is also a non-executive director of China Glass Holdings Limited (listed on The Stock Exchange of Hong Kong Limited), a non-executive director of Wumart Stores, Inc. (listed on The Stock Exchange of Hong Kong Limited), a director of Simcere Pharmaceutical Group (listed on New York Stock Exchange), a non-executive non-independent director of Biosensors International Group, Limited (listed on Singapore Exchange Limited) and a director of Fiat Industrial S.p.A. (listed on Borsa Italiana).

Mr. ZHAO has entered into a service contract as an executive director with the Company for a term of three years from 1 April 2012. He is also subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. His director's fee is to be determined by the Board and to be authorised by the Shareholders at the annual general meeting with reference to his performance and responsibilities, performance of the Group and prevailing market practices. Mr. ZHAO did not receive any director's fee or other emoluments for the year ended 31 December 2011.

Save as disclosed above, Mr. ZHAO has not held any directorship in any public listed companies in the last three years or any other positions with the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. ZHAO does not have any interests in the shares of the Company within the meanings of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. ZHAO has confirmed that there are no other matters that need to be brought to the attention of the shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

**Mr. WANG Shunlong**

Mr. WANG, aged 47, was appointed as an executive director of the Company in 2008. He holds a doctorate degree in engineering from Tsinghua University and has spent three years as a visiting researcher at Eindhoven University of Technology in the Netherlands. Mr. WANG has extensive experience in corporate management and investment planning. Mr. WANG is also a managing director of Hony Capital Limited and a director of Massive Giant Group Limited, substantial shareholder of the Company.

Mr. WANG has entered into a service contract as an executive director with the Company for a term of three years from 1 April 2012. He is also subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. His director's fee is to be determined by the Board and to be authorised by the Shareholders at the annual general meeting with reference to his performance and responsibilities, performance of the Group and prevailing market practices. Mr. WANG did not receive any director's fee or other emoluments for the year ended 31 December 2011.

Save as disclosed above, Mr. WANG has not held any directorship in any public listed companies in the last three years or any other positions with the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. WANG does not have any interests in the shares of the Company within the meanings of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. WANG has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

**Mr. WANG Zhenguo**

Mr. WANG, aged 42, was appointed as an executive director of the Company in January 2012. He is also the general manager of a member of the Group engaged in the production and sales of finished-drug products. Mr. WANG holds a bachelor degree in chemistry from Nankai University and has extensive technical and management experience in the pharmaceutical industry.

Mr. WANG has entered into a service contract as an executive director with the Company for a term of three years from 1 April 2012. He is also subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. His director's fee is to be determined by the Board and to be authorised by the Shareholders at the annual general meeting with reference to his performance and responsibilities, performance of the Group and prevailing market practices. Mr. WANG is entitled to receive a monthly salary of RMB49,316 and an annual director's fee of HK\$60,000. He is also eligible to receive performance related discretionary bonus to be determined by the Board.

Save as disclosed above, Mr. WANG has not held any directorship in any public listed companies in the last three years or any other positions with the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. WANG does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. WANG has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

**Mr. LEE Ka Sze, Carmelo**

Mr. LEE, aged 51, was appointed as a non-executive director in 1996, redesignated as an independent non-executive director in 1998 and further redesignated as a non-executive director in 2004. He is also a member of the audit committee and remuneration committee and the Company Secretary of the Company. Mr. LEE holds a bachelor of laws degree from The University of Hong Kong. He is a practising solicitor and a partner of Woo, Kwan, Lee & Lo. Mr. LEE is currently a deputy chairman of the Listing Committee of the Stock Exchange.

Mr. LEE is also a non-executive director of Hopewell Holdings Limited, The Cross-Harbour (Holdings) Limited, Yugang International Limited, Y.T. Realty Group Limited, Safety Godown Company, Limited and Termbray Industries International (Holdings) Limited, and an independent non-executive director of KWG Property Holding Limited and Ping An Insurance (Group) Company of China, Ltd. All of the above companies are listed on the Stock Exchange.

Mr. LEE has entered into a service contract as non-executive director with the Company for a term of two years from 1 January 2011. He is also subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. His director's fee is to be determined by the Board and to be authorised by the Shareholders at the annual general meeting with reference to his performance and responsibilities, performance of the Group and prevailing market practices. Mr. LEE received director's fee of HK\$300,000 for the year ended 31 December 2011.

Save as disclosed above, Mr. LEE has not held any directorship in any public listed companies in the last three years or any other positions with the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. LEE does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. LEE has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.



**Mr. QI Moujia**

Mr. QI, aged 79, was appointed as a non-executive director of the Company in 1996 and redesignated as an independent non-executive in 1998. He is also a member of the nomination committee of the Company. He was the deputy commissioner and commissioner of the State Drug Administration of China (the “SDA”, now known as the State Food and Drug Administration of China) during 1978-1982 and 1982-1994, respectively.

Mr. QI is also an independent director of 3SBio, Inc. (listed on NASDAQ).

Mr. QI has entered into a service contract as independent non-executive director with the Company for a term of two years from 1 January 2011. He is also subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association. His director’s fee is to be determined by the Board and to be authorised by the Shareholders at the annual general meeting with reference to his performance and responsibilities, performance of the Group and prevailing market practices. Mr. QI received director’s fee of HK\$66,000 for the year ended 31 December 2011.

Save as disclosed above, Mr. QI has not held any directorship in any public listed companies in the last three years or any other positions with the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, Mr. QI does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. QI has confirmed that there are no other matters that need to be brought to the attention of the Shareholders in connection with his re-election and there are no information that should be disclosed pursuant to rules 13.51(2)(h) to (v) of the Listing Rules.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)**

**NOTICE IS HEREBY GIVEN** that an annual general meeting of the Company will be held at Suite 3206, 32nd Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong on Friday, 25 May 2012 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements, the report of the directors and the independent auditor's report for the year ended 31 December 2011;
  2. (a) To re-elect the following retiring directors:
    - (i) Mr. FENG Zhenying;
    - (ii) Mr. ZHAO John Huan;
    - (iii) Mr. WANG Shunlong;
    - (iv) Mr. WANG Zhenguo; and
    - (v) Mr. LEE Ka Sze, Carmelo;
  - (b) To re-elect Mr. QI Moujia (who has served as an independent non-executive director for more than 9 years) as an independent non-executive director of the Company.
  - (c) To authorise the board of directors to fix the remuneration of directors;
3. To re-appoint auditor and to authorise the board of directors to fix the remuneration of auditor;

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## NOTICE OF ANNUAL GENERAL MEETING

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4. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which the directors of the Company are authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution,

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

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## NOTICE OF ANNUAL GENERAL MEETING

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5. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

**“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into shares of the Company; (iii) an issue of shares as scrip dividends pursuant to the articles of association of the Company from time to time; or (iv) an issue of shares under any option scheme or similar arrangement for the grant or issue of shares or rights to acquire shares of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution,

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares (including bonds, warrants and debentures convertible into shares of the Company) open for a period fixed by the directors of the Company to the holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

“**THAT** subject to the passing of the resolution nos. 4 and 5 set out in the notice convening the meeting, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares pursuant to resolution no. 5 set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to resolution no. 4 set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the said resolution.”

By Order of the Board  
**China Pharmaceutical Group Limited**  
**CAI Dongchen**  
*Chairman*

Hong Kong, 24 April 2012

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company but must attend the meeting in person to represent you.
2. To be valid, the proxy form together with any power of attorney or other authority (if any) under which it is signed or a notorially certified copy of that power or authority must be lodged with the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
3. The register of members will be closed from Monday, 21 May 2012, to Friday, 25 May 2012, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 May 2012.
4. With regard to item no. 2 in this notice, the Board proposes that the retiring directors, namely Mr. FENG Zhenying, Mr. ZHAO John Huan, Mr. WANG Shunlong, Mr. LEE Ka Sze, Carmelo, Mr. QI Moujia and Mr. WANG Zhenguo be re-elected as directors of the Company. Details of such retiring directors are set out in Appendix II to the circular to shareholders dated 24 April 2012.
5. Voting for the ordinary resolutions set out in the notice will be taking by poll except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

*As at the date of this notice, 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.*