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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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You are advised to exercise caution in relation to the matters described in this circular.

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **CSPC Pharmaceutical Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## CSPC PHARMACEUTICAL GROUP LIMITED 石藥集團有限公司

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

*(Incorporated in Hong Kong under the Companies Ordinance)*

**(Stock code: 1093)**

### GRANT OF OPTION TO A DIRECTOR

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A notice convening an extraordinary general meeting of CSPC Pharmaceutical Group Limited to be held at Suite 3206, 32nd Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong on Thursday, 23 May 2013 at 10:15 a.m. (or such other time as immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 10:00 a.m. on the same date) is set out on pages 9 to 10 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:*

“associate”	has the same meaning as ascribed thereto under Rule 1.01 of the Listing Rules
“Board”	the board of Directors
“Company”	CSPC Pharmaceutical Group Limited 石藥集團有限公司, formerly known as China Pharmaceutical Group Limited 中國製藥集團有限公司, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Date of Grant”	17 April 2013
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Suite 3206, 32nd Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong on Thursday, 23 May 2013 at 10:15 a.m. (or such other time as immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 10:00 a.m. on the same date) to approve the grant of Option to Mr. Cai
“EGM Notice”	the notice convening the EGM as set out on pages 9 to 10 of this circular
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	6 May 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Mr. Cai”	CAI Dongchen (蔡東晨), the Chairman of the Board, chief executive officer (CEO) of the Company and an executive Director
“Options”	options to subscribe for Shares pursuant to the Share Option Scheme
“Share(s)”	the share(s) of HK\$0.10 each in the capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 6 July 2004
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent



**CSPC PHARMACEUTICAL GROUP LIMITED**  
**石藥集團有限公司**

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

*(Incorporated in Hong Kong under the Companies Ordinance)*

**(Stock code: 1093)**

*Executive Directors:*

Mr. CAI Dongchen (*Chairman & CEO*)  
Mr. FENG Zhenying  
Mr. CHAK Kin Man  
Mr. PAN Weidong  
Mr. ZHAO John Huan  
Mr. WANG Shunlong  
Mr. WANG Huaiyu  
Mr. LU Jianmin  
Mr. WANG Zhenguo

*Registered Office:*

Suite 3206  
32nd Floor  
Central Plaza  
18 Harbour Road  
Wan Chai  
Hong Kong

*Non-Executive Director:*

Mr. LEE Ka Sze, Carmelo

*Independent Non-Executive Directors:*

Mr. HUO Zhenxing  
Mr. QI Moujia  
Mr. GUO Shichang  
Mr. CHAN Siu Keung, Leonard  
Mr. WANG Bo  
Mr. ZHANG Fawang

7 May 2013

*To the Shareholders*

Dear Sir or Madam

**GRANT OF OPTION TO A DIRECTOR**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 18 April 2013, whereby the Board announced that the Company has granted several Options to Mr. Cai and other eligible participants under the Share Option Scheme, subject to the acceptance of the respective grantees, to subscribe for a total of 150,000,000 new Shares, representing approximately 5.50% of all Shares in issue on the Date of Grant.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with the information relating to (i) the proposed grant of Option to Mr. Cai and (ii) the EGM Notice.

### THE GRANT OF OPTIONS

Brief details of the Options granted by the Company on 17 April 2013 to eligible participants under the Share Option Scheme are as follows:

Date of Grant	:	17 April 2013
Total number of Shares comprised	:	150,000,000 new Shares, representing approximately 5.50% of all Shares in issue on the Date of Grant
Exercise price per Share	:	Each Option shall entitle the holder thereof to subscribe for the number of new Shares stated in the terms of grant at HK\$3.98 per Share
Closing price per Share on the Date of Grant	:	HK\$3.98
The average closing price per Share for the five business days immediately preceding the Date of Grant	:	HK\$3.878
Validity (exercisable) period	:	From the date of acceptance of the respective offer of Options, subject to the vesting and/or exercise conditions (if any) under the terms of grant, up to a date falling on the expiry of 10 years following the Date of Grant

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## LETTER FROM THE BOARD

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Among which, the following Options were granted to the Directors, as set out below:

**(i) Subject to the approval of the independent non-executive Directors:**

<b>Name</b>	<b>Position in the Company</b>	<b>Number of Shares comprised in the respective Option granted</b>
WANG Huaiyu	Executive Director	15,000,000
PAN Weidong	Executive Director	10,000,000
LU Jianmin	Executive Director	10,000,000
FENG Zhenying	Executive Director	3,000,000
WANG Zhenguo	Executive Director	3,000,000
CHAK Kin Man	Executive Director	3,000,000

**(ii) Subject to the approval of the independent non-executive Directors and the approval of the Shareholders at the EGM:**

<b>Name</b>	<b>Position in the Company</b>	<b>Number of Shares comprised in the Option granted</b>
Mr. Cai	Executive Director ( <i>Chairman and CEO</i> )	80,000,000

Save as disclosed above, none of the grantees is a Director, chief executive or substantial shareholder of the Company, or any of their respective associate(s).

### **LISTING RULES REQUIREMENTS**

#### **In respect of the grant of Options to Directors**

Pursuant to Rule 17.04(1) of the Listing Rules and the Share Option Scheme, each grant of options to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors.

All independent non-executive Directors had on 17 April 2013 approved the grant of the Options to the above Directors (including Mr. Cai). All Directors, other than the independent non-executive Directors, had abstained from voting on the board resolution approving the grant of Options to the above Directors (including in respect of the grant to Mr. Cai).

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## LETTER FROM THE BOARD

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### **In respect of the grant of Option to Mr. Cai**

In accordance with the note to Rule 17.03(4) of the Listing Rules and the Share Option Scheme, as the total number of Shares issued and to be issued upon exercise of the Option granted to Mr. Cai would in a 12-month period exceed 1% of the Shares in issue, the grant of such Option to and acceptance thereof by Mr. Cai is conditional upon the approval by the Shareholders in general meeting with Mr. Cai and his associate, if any, abstaining from voting and such grant shall not take effect or be exercisable until such approval is obtained.

As at the Latest Practicable Date, other than the Option conditionally granted to Mr. Cai for the subscription of 80,000,000 Shares (representing approximately 2.94% of all Shares in issue as at the Latest Practicable Date), Mr. Cai was also interested in 4,438,000 Shares (representing approximately 0.16% of all Shares in issue as at the Latest Practicable Date).

### **REASONS FOR THE GRANT OF OPTION TO MR. CAI**

Mr. Cai, a key figure to the Group and a prominent individual in the PRC pharmaceutical industry, has devoted his services to the Group and its predecessor companies for over 30 years, a treasured contribution as both a founder and key driver for platform building for the Group. Now serving as the Chairman of the Board and Chief Executive Officer of the Company, Mr. Cai continues to guide the Board in strategies development as well as overseeing the business operations and products innovation of the Group.

The Company and the independent non-executive Directors consider the 80,000,000 Shares comprising the grant of Option to Mr. Cai is in the interest of the Company and the Shareholders as a whole and is fair and reasonable, which were more than the number of Shares comprised in the grants to the other Directors in recognition of Mr. Cai's position as the Chairman of the Company and long term devotion to the Group. This is consistent with the remuneration policy of the Company for the position held by Mr. Cai and the positions of the other Directors. The Company would also want to ensure that each grant was sufficient to incentivise the relevant grantee to the utmost of his ability.

### **SCHEME MANDATE LIMIT UTILISATION**

The maximum number of Shares which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is 10% of the Shares in issue (being the scheme mandate limit of the Company) as at the date of adoption of the Share Option Scheme by the Shareholders on 6 July 2004. Since then, no Option (other than the present grant of Options) has been granted under the Share Option Scheme and there are sufficient limit for the grant of the Options under the scheme mandate limit for the Share Option Scheme. The Share Option Scheme shall expire on 5 July 2014 and thereupon no further Option may be granted.



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## LETTER FROM THE BOARD

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### GENERAL INFORMATION

Save for the outstanding convertible bonds of the Company in the aggregate principal amount of HK\$6,708,255,429.70 convertible at HK\$2.15 per Share pursuant to the sale and purchase agreement entered into by the Company dated 17 June 2012 (details of which are set out in the Company's announcement of 26 June 2012) and the grant of Options described hereunder, there are no other outstanding option, warrant or convertible securities to subscribe for Shares as at the Latest Practicable Date.

### EGM

The EGM Notice is set out on pages 9 to 10 of this circular. At the EGM, an ordinary resolution will be proposed for the consideration and, if thought fit, approval by the Shareholders (with Mr. Cai and his associate, if any, abstaining) of the grant of Option to Mr. Cai. None of the associates of Mr. Cai held any Share as at the Latest Practicable Date.

The grant of Option to Mr. Cai is personal to Mr. Cai and, so far as the Company is aware, no Shareholder (other than Mr. Cai and his associate, if any) should have any interest that is not the same as any other Shareholders' interests in such matter and all Shareholders except Mr. Cai are entitled to vote on the proposed ordinary resolution at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you propose to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the share registrar of the Company, 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.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting (other than in respect of purely procedural or administrative matters) must be taken by way of poll. Accordingly, the Company will procure the chairman of the EGM to demand for voting on poll in respect of the ordinary resolution to be proposed at the EGM in accordance with the articles of association of the Company. Tricor Secretaries Limited, the branch share registrar of the Company in Hong Kong, will serve as the scrutineer for the vote-taking.

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## LETTER FROM THE BOARD

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### RECOMMENDATION IN RESEPECT OF VOTING

The independent non-executive Directors consider that the grant of the Option to Mr. Cai is in the interests of the Company and the Shareholders as a whole and is fair and reasonable and accordingly recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM. For the avoidance of doubt, the grant of Options to the Directors (other than Mr. Cai) and other eligible participants pursuant to the Share Option Scheme referred to in the section “*The Grant of Options*” above are not subject to the approval of the Shareholders at the EGM.

### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained herein or this circular misleading.

Yours faithfully

By order of the Board

**CSPC Pharmaceutical Group Limited**

**Chak Kin Man**

*Executive Director*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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# CSPC PHARMACEUTICAL GROUP LIMITED 石藥集團有限公司

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

*(Incorporated in Hong Kong under the Companies Ordinance)*

**(Stock code: 1093)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of CSPC Pharmaceutical Group Limited (the “**Company**”) will be held at Suite 3206, 32nd Floor, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong, on Thursday, 23, May 2013 at 10:15 a.m. (or such other time as immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at 10:00 a.m. on the same date) for the purpose of considering and, if thought fit, passing with or without modifications, the following as an ordinary resolution of the Company:

### ORDINARY RESOLUTION

“**THAT** the grant of option to Mr. Cai Dongchen, the chairman, chief executive officer and executive director of the Company, to subscribe for in aggregate 80,000,000 ordinary shares of HK\$0.10 each in the share capital of the Company at the initial subscription price of HK\$3.98 per Share pursuant to the share option scheme of the Company adopted on 6 July 2004 (the principal terms and conditions of such grant are set out in the circular of the Company dated 7 May 2013) be and is hereby approved, **THAT** any director of the Company other than the grantor, be and is hereby authorised for and on behalf of the Company to sign, seal, execute, perfect, perform and deliver all such instruments, documents and deeds, and do all such acts, matters and things and take all such steps as he may in his discretion consider necessary, desirable or expedient to give full effect to the grant and issue of such option and **THAT** any and all such acts be and are hereby approved, confirmed and ratified.”

By order of the Board

**CSPC Pharmaceutical Group Limited**

**Chak Kin Man**

*Executive Director*

Hong Kong, 7 May 2013

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Registered Office:*

Suite 3206  
32nd Floor  
Central Plaza  
18 Harbour Road  
Wan Chai  
Hong Kong

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting convened by the above notice is entitled to appoint a proxy to attend and, on a poll vote in his stead. A proxy need not be a member of the Company.
2. A proxy form for the meeting is enclosed. In order to be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney must be deposited with the Company's share registrar in Hong Kong, 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 adjourned meeting as the case may be.
3. In accordance with the Listing Rules, Mr. Cai is required to abstain from voting in respect of the ordinary resolution.

*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, Mr. CHAN Siu Keung, Leonard, Mr. WANG Bo and Mr. ZHANG Fawang as independent non-executive directors.*