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BEIJING YU SHENG TANG PHARMACEUTICAL GROUP LIMITED

北京御生堂藥業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

ANNOUNCEMENT ON PLACING OF NOTES

Placing Agent

Beijing Securities

Beijing Securities Limited

北京證券有限公司

PLACING OF NOTES

On 8 November 2012 (after trading hours), the Company entered into a Placing Agreement with the Placing Agent, pursuant to which the Company agreed to place, through the Placing Agent, on a best effort basis, the Placing Notes to individuals, institutional or other professional investors. The Placing Agent shall use all reasonable endeavours to ensure and shall obtain confirmation to the effect that such Placées shall be third parties independent of and not connected with the Company and the directors, chief executive or substantial shareholders of the Company, any of its subsidiaries or their respective associates.

The Placing is unconditional and the Placing Notes will be placed in the denomination of HK\$10,000,000 each and the Placing of each Placing Note will be completed on the third Business Day after receipt by the Company of written notice given by the Placing Agent that it has procured a subscriber for the Placing Note.

INTRODUCTION

This announcement is made by the Board pursuant to Rule 13.09(1) of the Listing Rules.

On 8 November 2012 (after trading hours), the Company entered into a Placing Agreement with the Placing Agent. The principal terms of the Placing Agreement and the Placing Notes are set out below.

THE PLACING AGREEMENT

Date:	8 November 2012 (after trading hours)
Issuer:	the Company
Placing Agent:	the Placing Agent
Placees:	individuals, institutional or other professional investors procured by the Placing Agent on a best effort basis and the Placing Agent shall use all reasonable endeavours to ensure and shall obtain confirmation to the effect that such Placees shall be third parties independent of and not connected with the Company and the directors, chief executive or substantial shareholders of the Company, any of its subsidiaries or their respective associates
Aggregate Principal Amount:	up to HK\$100,000,000
Placing Price:	face value of the Placing Notes
Placing Period:	a period of 3 months commencing upon the execution of the Placing Agreement or such other period as agreed by the Placing Agent and the Company, unless the Placing is terminated earlier pursuant to the terms of the Placing Agreement
Ranking of Placing Notes:	the Placing Notes will rank pari passu in all respects with the claims of the existing unsecured creditors of the Company
The Placing Conditions:	the Placing is unconditional
Termination:	(a) the Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing by notice in writing to the Company at any time up to 9:30 a.m. on a Relevant Completion Date if:– (i) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or

- (ii) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (iii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (iv) any statement contained in this announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

- (b) the Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing by notice in writing to the Placing Agent at any time up to 12:00 noon on a Relevant Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material

Relevant Completion: the Placing of each Placing Note will be completed on the third Business Day following receipt by the Company of written notice given by the Placing Agent that it has procured a subscriber for the Placing Note

Placing Commission: 5% of the face value of each Placed Note

PRINCIPAL TERMS OF THE PLACING NOTES

Aggregate Principal Amount:	up to HK\$100,000,000
Denomination:	in the denomination of HK\$10,000,000 each
Interest:	5% per annum payable on each anniversary of the issue of the relevant Placed Notes
Redemption:	to be redeemed on the Redemption Date
Transferability:	the Placing Notes are not transferrable
Listing:	no application will be made for the listing of the Placed Notes on the Stock Exchange or any other stock exchange

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Board (including all Independent Non-executive Directors) considers that the Placing provides a good opportunity for the Company to raise funds to strengthen its liquidity and financial position for the Company's future development and expansion, therefore it is in the best interests of the Company as a whole.

The maximum gross proceeds from the Placing will be HK\$100,000,000. The net proceeds from the Placing, after the deduction of the placing commission and other related costs and expenses, are estimated to be approximately HK\$94,900,000. The net proceeds will be used as general working capital of the Group.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day on which banks are open for business in Hong Kong (other than Saturday and any day on which a tropical cyclone warning No.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)

“Company”	Beijing Yu Sheng Tang Pharmaceutical Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Placed Notes”	means such part of the Placing Notes placed pursuant to the Placing Agreement and “ Placed Note ” shall be construed accordingly
“Placee”	any individual, institutional or other professional investor procured by the Placing Agent to subscribe for any of the Placing Notes pursuant to the Placing Agreement and “ Placees ” shall be construed accordingly
“Placing”	the offer by way of a private placing of the Placing Notes procured by the Placing Agent, on a best effort basis, to selected investors on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Beijing Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 8 November 2012 entered into between the Company and the Placing Agent in relation to the Placing

“Placing Notes”	the notes in the aggregate amount of HK\$100,000,000 to be issued by the Company in the denomination of HK\$10,000,000 each under the Placing and “ Placing Note ” means each of the said notes in the said denomination of HK\$10,000,000
“Redemption Date”	7th anniversary from the issue date of each Placed Note
“Relevant Completion”	completion of the subscription of a Placing Note
“Relevant Completion Date”	the third Business Day following receipt of written notice given by the Placing Agent whenever they have procured a subscriber for a Placing Note
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“%”	per cent.

By Order of the Board
Suen Cho Hung, Paul
Chairman

Hong Kong, 8 November 2012

As at the date of this announcement, the Board comprises Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer), Mr. Bai Jianjiang and Ms. Lee Chun Yeung, Catherine as Executive Directors and Mr. Wong Kwok Tai, Mr. Weng Yixiang and Mr. Lu Xinsheng as Independent Non-executive Directors.

* *For identification purpose only*