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## **SINOPHARM GROUP CO. LTD.\***

## **國藥控股股份有限公司**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as 國控股份有限公司)*

**(Stock Code: 01099)**

### **ANNOUNCEMENT PROPOSED ISSUE OF THE CORPORATE BONDS**

The Board announces that, on 19 June 2015, the Board resolved to propose the issue of the Corporate Bonds in the PRC.

According to the laws of the PRC and the Articles of Association, the proposed issue of the Corporate Bonds is subject to the approval of the Shareholders by way of a special resolution and the approval from the relevant PRC regulatory authorities.

An EGM will be convened for the approval of the proposed issue of the Corporate Bonds. A circular containing details of the proposed issue of the Corporate Bonds, together with the notice of the EGM, is expected to be dispatched to the Shareholders in due course.

**The proposed issue of the Corporate Bonds may or may not proceed, and the Shareholders and investors should therefore exercise caution in dealing in the shares of the Company.**

### **INTRODUCTION**

To satisfy the operation needs of the Company and lower the financial costs, on 19 June 2015, the Board resolved to propose the issue of the Corporate Bonds in the PRC.

According to the laws of the PRC and the Articles of Association, the proposed issue of the Corporate Bonds is subject to the approval of the Shareholders by way of a special resolution and the approval from the relevant PRC regulatory authorities.

## **PROPOSED ISSUE OF THE CORPORATE BONDS**

Particulars of the issue of the Corporate Bonds, if it proceeds, are as follows:

Issue scale:	no more than RMB10,000,000,000 (which will be determined by the Board or person(s) authorised by the Board according to the Company's actual capital needs and the market conditions prevailing at the time of issue)
Place of issue:	the PRC
Maturity:	up to 10 years (which will be determined by the Board or person(s) authorised by the Board according to the Company's actual capital needs and the market conditions prevailing at the time of issue)
Interest rate:	the nominal interest rate and the payment method will be determined by the Board or person(s) authorised by the Board according to the market conditions prevailing at the time of issue and by way of market enquiry, after arm's length negotiation with the lead underwriter
Listing place:	Upon completion of the issue of the Corporate Bonds, the Company will apply for listing of the Corporate Bonds on the Shanghai Stock Exchange
Use of proceeds:	for repaying bank loan, adjusting the debt structure of the Company and supplementing the working capital of the Company
Guaranty:	the guaranty arrangement will be determined by the Board or person(s) authorised by the Board according to the credibility of the Company
Issue method:	to be issued in one or more tranches (which will be determined by the Board or person(s) authorised by the Board according to the Company's actual capital needs and the market conditions prevailing at the time of issue)
Term of validity of the resolution:	The special resolution passed at the EGM in relation to the proposed issue of the Corporate Bonds will be effective from the date of approval at the EGM and will expire within 24 months from the date of approval by the China Securities Regulatory Commission
Placing arrangement:	the Corporate Bonds will be issued to qualified investors who meet the subscription requirements and will not be placed to the Shareholders with priority

Guarantee Measures  
for Repayment:

In the event that the Company expects that it is unable to repay the principal and interests of the Corporate Bonds as scheduled, or the Company is unable to repay the principal and interests of the Corporate Bonds when they become due, it shall implement, as a minimum, the following guarantee measures for repayment of the Corporate Bonds:

- (i) no dividend will be distributed to the Shareholders;
- (ii) suspend the implementation of projects that incur capital expenditure such as material external investments, acquisitions and mergers;
- (iii) payment of salary and bonus of the Directors and senior management of the Company will be adjusted, reduced or ceased; and
- (iv) key personnel accountable for such event will not be allowed for re-designation.

Subject to the Shareholders' approval, the Board or the person(s) authorised by the Board, will be authorised to do the following:

- (1) Subject to the laws and regulations, with reference to the specific conditions of the market and the Company, to determine and adjust the specific plan of the issue of the Corporate Bonds, including but not limited to the issue scale of the Corporate Bonds, issue method (including whether to issue in tranches, amount for each tranche, etc.), duration, bond type, interest rate, use of the proceeds, guaranty arrangement, guarantee measures for repayment and other specific matters;
- (2) to determine the engagement of professional agents to assist the Company in the application of listing of the Corporate Bonds;
- (3) to formulate, approve, execute, amend and announce all the legal documents regarding the issue of the Corporate Bonds. To make suitable supplements and adjustments on the application documents in accordance with the requirements of the regulatory authorities;
- (4) to select the bond trustee, execute the trustee management agreement and formulate the rules of bondholders' meeting;
- (5) to take the actions regarding the application of listing of the Corporate Bonds;
- (6) if there is any change on the opinions of the regulatory authorities, policies or market conditions, except the matters which are subject to the shareholders' approval in accordance with the relevant laws, regulations and the Articles of Association, to make suitable adjustments on the matters of the issue of the Corporate bond, or to decide whether to proceed the issue of the Corporate Bond based on the actual situations; and
- (7) to take all other relevant actions regarding the issue of the Corporate Bonds.

The Board believes that the proposed issue of the Corporate Bonds will provide the Company with a source of medium-term to long-term funding at an interest rate which is expected to be more favourable than that generally available for loans from commercial banks. The Board considers that the proposed issue of the Corporate Bonds will lower the Company's costs of borrowings and improve the debt structure of the Company.

The issue of the Corporate Bonds shall be made within 24 months from the date of obtaining the approval from the relevant PRC regulatory authorities.

An EGM will be convened for the approval of the proposed issue of the Corporate Bonds. A circular containing details of the proposed issue of the Corporate Bonds, together with the notice of the EGM, is expected to be dispatched to the Shareholders in due course.

**The proposed issue of the Corporate Bonds may or may not proceed, and the Shareholders and investors should therefore exercise caution in dealing in the shares of the Company.**

## **DEFINITIONS**

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

“Articles of Association”	means	the articles of association of the Company
“Board”	means	the board of directors of the Company
“Company”	means	Sinopharm Group Co. Ltd. (國藥控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed and traded on The Stock Exchange of Hong Kong Limited
“Corporate Bonds”	means	corporate bonds of no more than RMB10,000,000,000 in scale proposed to be issued by the Company
“Director(s)”	means	the directors of the Company
“EGM”	means	the extraordinary general meeting to be convened for the Shareholders to consider and, if thought fit, to approve the proposed issue of the Corporate Bonds
“Hong Kong”	means	the Hong Kong Special Administrative Region of the PRC

“PRC”	means	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan Region
“RMB”	means	Renminbi, the lawful currency of the PRC
“Shareholders”	means	the shareholders of the Company

By order of the Board  
**Sinopharm Group Co. Ltd.**  
**Wei Yulin**  
*Chairman*

Shanghai, the PRC  
19 June 2015

*As at the date of this announcement, the executive directors of the Company are Mr. Wei Yulin and Mr. Li Zhiming; the non-executive directors of the Company are Mr. Chen Qi Yu, Mr. She Lulin, Mr. Wang Qunbin, Mr. Li Yuhua, Mr. Zhou Bin, Mr. Deng Jindong, Mr. Li Dongjiu and Mr. Liu Hailiang; and the independent non-executive directors of the Company are Ms. Li Ling, Mr. Yu Tze Shan Hailson, Mr. Lyu Changjiang, Mr. Tan Wee Seng and Mr. Liu Zhengdong.*

\* *The Company is registered as a non-Hong Kong company under the Hong Kong Companies Ordinance under its Chinese name and the English name “Sinopharm Group Co. Ltd.”*