



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)

**ANNOUNCEMENT
IN PURSUANCE OF RULE 13.18**

This announcement is made in pursuance of Rule 13.18 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcements of China Pharmaceutical Group Limited (the “**Company**”) dated 15 December 2004, 19 April 2005 and 28 September 2007 in relation to, inter alia, the following facilities (collectively the “**Facilities**”) made available by certain banks (the “**Banks**”) to the Company:

- (a) a facility in the aggregate amount of HK\$150,000,000 with a tenor of 4 years from 15 December 2004, of which HK\$100,000,000 is still outstanding;
- (b) a facility in the aggregate amount of HK\$600,000,000 with a tenor of 4 years from 19 April 2005 (the “**2005 Facility**”), of which HK\$216,000,000 is still outstanding; and
- (c) a facility in the aggregate amount of HK\$300,000,000 with a tenor of 4 years from 28 September 2007, of which HK\$300,000,000 is still outstanding.

Each of the Facilities provides that it will be an event of default if Shijiazhuang Pharmaceutical Group Company Limited ceases to own (directly or indirectly) at least 40% of the voting share capital of the Company and in which event the Facilities will become immediately repayable (the “**Default Event**”).

As a result of the change in shareholding structure of the controlling shareholder of the Company as disclosed in the announcement of the Company of today, the Company and the Banks have amended the terms of the Facilities as follows whereby the default of which will constitute an event of default under the relevant Facility:

- (a) under each of the Facilities, the Default Event has been amended to the effect that it will be an event of default if (i) Hony Capital Fund III, L.P. (“**Hony Capital**”) ceases to own (directly or indirectly) at least 35% interest in the Company; and (ii) Legend Holdings Limited (“**Legend**”) ceases to own (directly or indirectly) at least 34.48% interest in Hony Capital;
- (b) under each of the Facilities, with respect to the composition of the board of directors of the Company (the “**Directors**”), not less than six of the eight existing executive Directors shall continue to remain as executive Directors and not more than three new executive directors may be appointed to the board of Directors, without the prior written consent of the bank;

- (c) under the 2005 Facility:
- (i) Legend shall remain as the single largest shareholder of the Company (directly or indirectly);
 - (ii) Hony Capital shall undertake to vest in Legend the ultimate control in relation to all decisions exercisable by Massive Giant Group Limited (“**Massive Giant**”) or Hony Capital to the extent that they relate to the management of Massive Giant’s equity stake in the Company including (i) the exercise of voting rights attached to such equity stake; (ii) all matters relating to Massive Giant’s or Hony Capital’s resultant equity stake in the Company and any disposal or investment decisions in relation thereof; and (iii) all other matters relating to general management and affairs of the Company; and
 - (iii) Legend shall continue to hold the single largest value of fund in Hony Capital.

By Order of the Board
CHINA PHARMACEUTICAL GROUP LIMITED
CAI DONGCHEN
Chairman

Hong Kong, 19 May 2008

As at the date of this announcement, the board of directors of the Company comprises Mr. Cai Dongchen, Mr. Yue Jin, Mr. Feng Zhenying, Mr. Ji Jianming, Mr. Chak Kin Man, Mr. Pan Weidong, Mr. Li Zhibiao and Mr. Zhang Zheng 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.