



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 13.17**

In accordance with the requirements under rule 13.17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Board of Directors of China Pharmaceutical Group Limited (the “Company”) announces certain details of a pledge agreement entered into between a bank (the “Bank”) and Massive Giant Group Limited (“MGGL”), the Company’s controlling shareholder.

Reference is made to a facility agreement dated 17 June 2008 (the “Facility Agreement”) entered into between the Bank and Shijiazhuang Pharmaceutical Group Company Limited (“SPG”), a wholly-owned subsidiary of Legend Holdings Limited (“Legend”), for a facility in the aggregate amount of RMB510,000,000 made available by the Bank to SPG and certain subsidiaries of the Company (the “Subsidiaries”). The facility is a general working capital facility for one year from 17 June 2008. Out of the aggregate facility amount of RMB510,000,000, RMB260,000,000 is made available to the Subsidiaries for their general working capital requirements. As a condition under the Facility Agreement, Legend has given a corporate guarantee in favour of the Bank (the “Guarantee”). As at the date of this announcement, MGGL is wholly-owned by Hony Capital Fund III, L.P., which is in turn owned as to approximately 34.48% by Legend.

On 10 December 2008, a pledge agreement was entered into between the Bank and MGGL whereby MGGL has pledged 480,000,000 ordinary shares of the Company (representing approximately 31.24% of the issued share capital of the Company) in favour of the Bank to replace the Guarantee as security for the Facility Agreement.

By Order of the Board

CAI Dongchen

Chairman

Hong Kong, 11 December 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.