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**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 facility agreement entered into between a bank (the “Bank”) and Shijiazhuang Pharmaceutical Group Company Limited (“SPG”). SPG is an indirect wholly-owned subsidiary of Legend Holdings Limited, which is regarded as a controlling shareholder of the Company.

By a facility agreement dated 14 December 2009 (the “Facility Agreement”) entered into between the Bank and SPG, a facility in the aggregate amount of RMB510,000,000 is made available by the Bank to SPG and certain subsidiaries of the Company (the “Subsidiaries”). The facility is a general working capital facility for three years from 14 December 2009. Out of the aggregate facility amount of RMB510,000,000, RMB210,000,000 is made available to the Subsidiaries. The Subsidiaries intend to use the facility to finance their general working capital requirements.

As a condition under the Facility Agreement, Massive Giant Group Limited, the Company’s controlling shareholder, has pledged 480,000,000 ordinary shares of the Company (representing approximately 31.27% of the issued share capital of the Company) in favour of the Bank as security.

By Order of the Board
China Pharmaceutical Group Limited
CAI Dongchen
Chairman

Hong Kong, 14 December 2009

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. Chak Kin Man, Mr. Pan Weidong, Mr. Zhao John Huan and Mr. Wang Shunlong 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.