

UNAUDITED RESULTS

FOR THE THREE MONTHS ENDED MARCH 31, 2006

The Board of Directors of China Pharmaceutical Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended March 31, 2006 in line with its current practice to publish the Group's quarterly financial results.

CONSOLIDATED INCOME STATEMENT

For the three months ended March 31, 2006

	For the three months ended March 31, 2006 (Unaudited) HK\$'000	For the three months ended March 31, 2005 (Unaudited) HK\$'000
Revenue	912,936	724,242
Cost of sales	(742,605)	(545,373)
Gross profit	170,331	178,869
Other income	12,348	4,781
Distribution costs	(56,527)	(36,969)
Administrative expenses	(82,377)	(72,014)
Other expenses	(4,569)	(13,969)
Profit from operations	39,206	60,698
Finance costs	(23,458)	(10,992)
Share of profit of a jointly controlled entity	791	88
Profit before tax	16,539	49,794
Income tax	(1,770)	(2,543)
Profit for the period	14,769	47,251
Attributable to:		
Equity holders of the Company	14,725	47,298
Minority interests	44	(47)
	14,769	47,251
Basic earnings per share	HK0.96 cents	HK3.08 cents
Dividend	-	-

Notes:

- The accounting policies adopted in preparation of the financial data for the first quarter of 2006 are consistent with those disclosed in the 2005 annual report of the Company.
- The calculation of the basic earnings per share for the three months ended March 31, 2006 is based on the profit attributable to equity holders of the Company of HK\$14,725,000 (three months ended March 31, 2005: HK\$47,298,000) and 1,538,124,661 shares (three months ended March 31, 2005: 1,538,124,661 shares) in issue during the period.
No diluted earnings per share is presented for the three months ended March 31, 2006 and 2005 as there was no potential ordinary shares in issue during both periods.
- The directors resolved not to declare an interim dividend for the three months ended March 31, 2006 (three months ended March 31, 2005: Nil).
- The financial data for the first quarter of 2006 is based on the internal records and management accounts of the Group and has not been reviewed or audited by the external auditors of the Company.

REVENUE AND SEGMENT INFORMATION

The Group's principal activity is the manufacture and sale of pharmaceutical products and its segment information by products is presented below:

For the three months ended March 31, 2006

	Bulk Drugs			Finished Drugs HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
	Penicillin series HK\$'000	Cephalosporin series HK\$'000	Vitamin C series HK\$'000				
REVENUE							
External sales	206,282	217,759	151,811	334,516	2,568	-	912,936
Inter-segment sales	43,514	28,080	138	-	-	(71,732)	-
TOTAL	249,796	245,839	151,949	334,516	2,568	(71,732)	912,936
SEGMENT RESULTS	9,491	26,290	(3,278)	16,068	(5,380)		43,191
Unallocated corporate expenses							(3,985)
Profit from operations							39,206

For the three months ended March 31, 2005

	Bulk Drugs			Finished Drugs HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
	Penicillin series HK\$'000	Cephalosporin series HK\$'000	Vitamin C series HK\$'000				
REVENUE							
External sales	68,328	179,116	200,519	275,485	794	-	724,242
Inter-segment sales	54,065	31,617	-	-	-	(85,682)	-
TOTAL	122,393	210,733	200,519	275,485	794	(85,682)	724,242
SEGMENT RESULTS	(5,835)	4,660	47,362	23,839	(4,453)		65,573
Unallocated corporate expenses							(4,875)
Profit from operations							60,698

BUSINESS REVIEW

In the first quarter of 2006, the average price of vitamin C was US\$2.91 per kg and the gross profit margin of the series was 13.7%. The average prices of penicillin industrial salt and amoxicillin in the first quarter were US\$9.04 and US\$21.08 per kg respectively, whereas the gross profit margin of the series was 10.4%. The average price of 7-ACA dropped to US\$84.01 per kg in the first quarter and the gross profit margin of the series was 22.3%. Revenue of the finished drug business increased to HK\$334.5 million in the first quarter with a gross profit margin of 23.5%.

The market conditions for both bulk drug and finished drug businesses are still difficult, product prices are expected to remain under pressure.

By order of the Board
CAI DONG CHEN
Chairman

Hong Kong, June 15, 2006

As at the date of this announcement, the Board of Directors of the Company comprises seven executive directors, namely Mr. Cai Dong Chen, Mr. Wei Fu Min, Mr. Yue Jin, Mr. Ji Jian Min, Mr. Yao Shi An, Mr. Feng Zhen Ying and Mr. Chak Kin Man; one non-executive director, namely Mr. Lee Ka Sze, Carmelo and four independent non-executive directors, namely Mr. Huo Zhen Xing, Mr. Qi Mou Jia, Mr. Guo Shi Chang and Mr. Chan Siu Keung, Leonard.