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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)

2008 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue increased by 37% to HK\$6,829,995,000
- Profit attributable to shareholders increased by 97% to HK\$940,560,000
- Earnings per share increased by 97% to HK61.16 cents
- Final dividend of HK20 cents per share proposed

The Board of Directors of China Pharmaceutical Group Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2008.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Revenue	2	6,829,995	4,986,059
Cost of sales		(4,548,661)	(3,449,641)
Gross profit		2,281,334	1,536,418
Other income		42,834	27,278
Selling and distribution expenses		(470,787)	(379,203)
Administrative expenses		(514,493)	(471,280)
Other expenses		(120,801)	(74,822)
Operating profit		1,218,087	638,391
Share of results of a jointly controlled entity		1,442	(2,683)
Share of results of an associate		1,362	—
Gain on termination of a derivative financial instrument		6,851	—
Change in fair value of a derivative financial instrument		—	(551)
Impairment loss on an available-for-sale investment		(10,362)	—
Finance costs		(109,367)	(112,809)
Profit before tax	3	1,108,013	522,348
Income tax expense	4	(160,983)	(45,569)
Profit for the year		947,030	476,779
Attributable to:			
Equity holders of the Company		940,560	477,388
Minority interests		6,470	(609)
		947,030	476,779
Proposed final dividend	5	306,992	76,906
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share — Basic	6	61.16	31.04

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		3,781,309	3,648,284
Prepaid lease payments		198,524	174,544
Intangible assets		89,333	58,876
Goodwill		106,753	100,718
Deposit paid for investment in an associate		—	21,277
Interest in a jointly controlled entity		22,941	20,146
Available-for-sale investment		5,307	—
Pledged bank deposits		2,048	751
		4,206,215	4,024,596
Current assets			
Inventories		1,324,711	927,867
Trade and other receivables	7	908,094	768,828
Bills receivables	7	297,382	281,586
Prepaid lease payments		6,149	5,384
Tax recoverable		3,246	—
Trade receivables due from a connected company		23,063	—
Amount due from a jointly controlled entity		13,484	14,392
Bank balances and cash		1,121,062	436,092
		3,697,191	2,434,149
Current liabilities			
Trade and other payables	8	1,403,365	1,127,786
Bills payables	8	253,409	169,537
Trade payables due to a related company		17,711	25,820
Amounts due to related companies		14,375	14,978
Tax liabilities		120,216	47,103
Bank loans		568,636	976,043
Loans from a related company/an intermediate holding company		8,382	9,404
Derivative financial instrument		—	551
		2,386,094	2,371,222
Net current assets		1,311,097	62,927

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Total assets less current liabilities		<u>5,517,312</u>	<u>4,087,523</u>
Non-current liabilities			
Bank loans		804,991	716,383
Loan from a related company		113,636	—
Deferred tax liabilities		<u>15,490</u>	<u>—</u>
		<u>934,117</u>	<u>716,383</u>
Net assets		<u><u>4,583,195</u></u>	<u><u>3,371,140</u></u>
Capital and reserves			
Share capital		153,496	153,812
Reserves		<u>4,343,882</u>	<u>3,198,486</u>
Equity attributable to equity holders of the Company		4,497,378	3,352,298
Minority interests		<u>85,817</u>	<u>18,842</u>
Total equity		<u><u>4,583,195</u></u>	<u><u>3,371,140</u></u>

Notes:

1. Accounting policies

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Companies Ordinance.

2. Revenue and segment information

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Sale of goods	6,819,852	4,985,795
Service income	<u>10,143</u>	<u>264</u>
	<u><u>6,829,995</u></u>	<u><u>4,986,059</u></u>

Business segments

The Group reports its primary segment information by products, namely intermediates and bulk drugs (including vitamin C series, penicillin series and cephalosporin series), finished drugs and others. Segment information about these products is presented below:

For the year ended 31 December 2008

	Intermediates and Bulk Drugs			Finished Drugs	Others	Eliminations	Consolidated
	Vitamin C series	Penicillin series	Cephalosporin series				
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE							
External sales	2,156,731	1,870,802	736,097	1,988,677	77,688	—	6,829,995
Inter-segment sales	2,338	512,696	209,221	—	6,472	(730,727)	—
TOTAL REVENUE	<u>2,159,069</u>	<u>2,383,498</u>	<u>945,318</u>	<u>1,988,677</u>	<u>84,160</u>	<u>(730,727)</u>	<u>6,829,995</u>
Inter-segment sales are charged at prevailing market rates.							
SEGMENT RESULTS	<u>977,500</u>	<u>223,949</u>	<u>1,927</u>	<u>124,097</u>	<u>(3,213)</u>		1,324,260
Unallocated income							6,743
Unallocated expenses							<u>(112,916)</u>
Operating profit							1,218,087
Share of results of a jointly controlled entity					1,442		1,442
Share of results of an associate			1,362				1,362
Gain on termination of a derivative financial instrument							6,851
Impairment loss on an available- for-sale investment							<u>(10,362)</u>
Finance costs							<u>(109,367)</u>
Profit before tax							1,108,013
Income tax expense							<u>(160,983)</u>
Profit for the year							<u>947,030</u>

For the year ended 31 December 2007

	Intermediates and Bulk Drugs			Finished Drugs	Others	Eliminations	Consolidated
	Vitamin C series	Penicillin series	Cephalosporin series				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE							
External sales	1,102,142	1,617,030	767,708	1,497,734	1,445	—	4,986,059
Inter-segment sales	803	410,999	43,695	—	19,069	(474,566)	—
TOTAL REVENUE	1,102,945	2,028,029	811,403	1,497,734	20,514	(474,566)	4,986,059
Inter-segment sales are charged at prevailing market rates.							
SEGMENT RESULTS	252,727	396,726	38,261	(15,824)	(9,454)		662,436
Unallocated income							3,489
Unallocated expenses							(27,534)
Operating profit							638,391
Share of results of a jointly controlled entity					(2,683)		(2,683)
Change in fair value of a derivative financial instrument							(551)
Finance costs							(112,809)
Profit before tax							522,348
Income tax expense							(45,569)
Profit for the year							476,779

Geographical segments

The following is an analysis of the Group's revenue by geographical market based on geographical location of customers for the year:

	2008 HK\$'000	2007 HK\$'000
The People's Republic of China (the "PRC")	4,401,791	3,437,359
Asia other than the PRC	1,116,506	848,862
Europe	593,684	302,227
Americas	641,922	344,553
Others	76,092	53,058
	6,829,995	4,986,059

3. Profit before tax

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit before tax has been arrived at after charging (crediting):		
Staff costs, including those of directors	492,117	371,906
Contribution to retirement benefit schemes, including those of directors	<u>57,819</u>	<u>53,570</u>
Total staff costs	<u>549,936</u>	<u>425,476</u>
Amortisation of intangible assets (included in cost of sales)	23,482	28,204
Amortisation of prepaid lease payments	5,736	5,384
Depreciation of property, plant and equipment	<u>442,018</u>	<u>392,795</u>
Total depreciation and amortisation	<u>471,236</u>	<u>426,383</u>
Auditor's remuneration	1,800	1,800
Impairment loss on trade receivables (included in administrative expenses)	2,000	—
Interest income	(6,743)	(3,489)
Loss on disposal/write-off of property, plant and equipment (included in other expenses)	66,045	48,549
Net foreign exchange losses	25,964	10,574
Research and development expenses (included in other expenses)	<u>43,674</u>	<u>17,275</u>

4. Income tax expense

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
The tax charge comprises:		
PRC Enterprise Income Tax		
— Current year	165,831	60,169
— (Over)underprovision in prior years	(449)	148
— Tax credits/refunds	<u>(19,889)</u>	<u>(14,748)</u>
	145,493	45,569
Deferred taxation	<u>15,490</u>	<u>—</u>
	<u>160,983</u>	<u>45,569</u>

No Hong Kong Profits Tax is payable by the Company nor its subsidiaries incorporated in Hong Kong since they either had no assessable profits or incurred tax losses for both years. Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdiction.

Pursuant to the relevant laws and regulations in the PRC, certain subsidiaries of the Company are entitled to exemption and relief from PRC Enterprise Income Tax starting from their first profit-making years. In addition, pursuant to approvals granted by the relevant tax authority, certain subsidiaries of the Company were granted tax credits/refunds, which were mainly derived from the following activities:

- a. Tax refunds were received on the basis that certain subsidiaries of the Company in the PRC have, instead of making distributions to its foreign shareholders, re-invested certain distributable reserves as capital contributions to certain PRC subsidiaries set up in previous years.
- b. Tax credits resulted from the purchase of plant and equipment manufactured in the PRC by certain subsidiaries of the Company in the PRC. The tax credits are calculated with reference to 40% of the cost of the qualifying plant and equipment approved by the relevant tax authority. Such credits can be used to offset against current and future tax charges of the relevant subsidiaries, subject to certain conditions as specified in each approval document from the relevant tax authority.

The tax charge for both years represents income tax provision which has taken into account of the above-mentioned tax incentives.

On 16 March 2007, the PRC promulgated the Law of the PRC (the “New Law”) by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. In accordance with the New Law and Implementation Regulations, the tax rate of certain subsidiaries has changed to 25% starting from 1 January 2008. Those subsidiaries which are under the tax exemption and relief as mentioned above will continue to be entitled to the exemption and relief from PRC Enterprise Income Tax based on the new tax rate of 25% or the concessionary tax rate in the relevant special zone in the PRC during the concessionary period ending in 2010.

During the current year, pursuant to the approvals by the relevant tax authorities, certain subsidiaries of the Company are qualified as advanced technology enterprises in Hebei Province, the PRC for a period of 3 years from 2008 to 2010. The applicable tax rate for these enterprises during this period is 15%.

Starting from 1 January 2008 onwards, the New Law requires withholding tax upon the distribution of undistributed retained profits earned by the PRC subsidiaries to the shareholders. Deferred taxation of HK\$15,490,000 (2007: Nil) has been provided for the current year in the consolidated financial statements in respect of the temporary differences attributable to such profits.

At the balance sheet date, the Group had unused tax losses of HK\$107,890,000 (2007: HK\$141,440,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Most of the unrecognised tax losses will expire in various dates up to 2013.

There was no other significant unprovided deferred tax for the year or at the balance sheet date.

5. Dividend

The Board of Directors recommends the payment of a final dividend of HK20 cents per share for the year ended 31 December 2008 (2007: HK5 cents), representing a distribution of HK\$306,992,000 (2007: HK\$76,906,000). Subject to shareholders' approval of the final dividend at the annual general meeting on 29 May 2009, payment of the final dividend will be made on 16 June 2009 to shareholders whose names appear on the register of members of the Company on 29 May 2009. This proposed dividend is not recognised as a liability in these financial statements. The final dividend for the year 2007 paid by the Company during the year, amounting to HK\$76,906,000, is reflected in the current year financial statements.

The register of members of the Company will be closed from Monday, 25 May 2009 to Friday, 29 May 2009, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlement of the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Friday, 22 May 2009.

6. Earnings per share

The calculation of the basic earnings per share attributable to the equity holders of the Company for the year ended 31 December 2008 is based on the profit for the year of HK\$940,560,000 (2007: HK\$477,388,000) and the 1,537,782,278 weighted average number of ordinary shares (2007: 1,538,124,661 shares in issue) during the year.

No diluted earnings per share is presented for the years ended 31 December 2007 and 2008 as there were no potential ordinary shares in issue during both years.

7. Trade and other receivables/Bills receivables

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade receivables	716,367	674,922
<i>Less: allowance for doubtful debts</i>	(6,012)	(7,009)
	710,355	667,913
Bills receivables	297,382	281,586
	1,007,737	949,499
Other receivables	197,739	100,915
	1,205,476	1,050,414

The Group allows a general credit period of up to 90 days to its trade customers. The following is an aged analysis of trade receivables (net of allowance for doubtful debts) and bills receivables at the balance sheet date:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0 to 90 days	963,307	917,351
91 to 180 days	41,837	30,534
181 to 365 days	2,593	1,614
	<u>1,007,737</u>	<u>949,499</u>

8. Trade and other payables/Bills payables

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Trade payables	638,593	479,686
Bills payables	253,409	169,537
	<u>892,002</u>	<u>649,223</u>
Other payables	764,772	648,100
	<u>1,656,774</u>	<u>1,297,323</u>

The following is an aged analysis of trade and bills payables at the balance sheet date:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0 to 90 days	745,560	595,033
91 to 180 days	46,094	29,572
181 to 365 days	37,208	11,194
More than 365 days	63,140	13,424
	<u>892,002</u>	<u>649,223</u>

BUSINESS REVIEW AND OUTLOOK

Results

Driven by the significant increase in the gross profit margin of the vitamin C business and the strong growth of the finished drug business, the Group reported an encouraging result for the year 2008. Revenue and profit attributable to shareholders for the year ended 31 December 2008 reached HK\$6,830 million and HK\$941 million, representing an increase of 37% and 97% respectively as compared to last year, the highest since our listing.

Vitamin C Series

Product prices maintained an upward trend amid a tight market supply during the year. In 2008, the average selling price of vitamin C increased to US\$8.84 per kg, which was significantly higher than US\$4.60 of the previous year. Revenue for the year reached HK\$2,157 million, representing an increase of 96% over previous year. Gross profit margin significantly increased from 38.0% in 2007 to 57.3% in the current year.

After years of market competition, manufacturers in the PRC have successfully established a dominant position in the global vitamin C market, with considerably stronger pricing power. As the industry leader, the Group not only possesses the world's largest production capacity, but also the competitive edge in the areas of technology, production cost, product range and customer network. The Group was granted the GMP certificate from Germany during the year, thereby becoming the only PRC vitamin C manufacturer that can enter the high-end pharmaceutical market in the European Union. This not only provides the Group with the opportunities for business expansion, but also further improves the profitability of this business segment.

The increase in market supply is expected to be limited in 2009. Product prices should be able to stay at high level will average selling price significantly higher than previous year. In order to cement customer relationship and ensure profitability, the Group has entered into long-term sales contracts for 2009 with certain customers.

Penicillin Series

In 2008, the demand for penicillin intermediate and bulk drug products continued to grow. Product prices rose sharply in the second quarter amid tightened market supply as the production of certain manufacturers in the PRC was affected by the environmental protection concern. However, with the outbreak of the financial turmoil in the second half of the year, some overseas customers took measures to reduce their inventory. As a result, overall sales slowed down and product prices declined.

The environmental protection facilities of the Group are up to standard and our production was unaffected by the environmental protection concern. Moreover, the production capacity of the Group's production base in Inner Mongolia has expanded last year and which enabled our market share to increase further during the year. Total sales volume of this series for the year increased by 36% with revenue growing by 16% to HK\$1,871 million as compared to previous year. Gross profit margin decreased from 37.5% in 2007 to 23.3% in the current year.

Abundant market supply and capacity expansion of certain manufacturer are expected to continue to exert pressure on the selling price. Under this market environment, the Group will strengthen its control over production cost and actively explore overseas markets. During the year, the Group was granted the Certificate of Suitability for its amoxicillin bulk drug by the European Directorate for the Quality of Medicines & Healthcare. This greatly enhances the Group's competitiveness in overseas markets.

Cephalosporin Series

In 2008, the demand for cephalosporin intermediate and bulk drug products remained stable, but product prices were at low level due to excessive production capacity. Revenue for the year was HK\$736 million, roughly the same as previous year. Gross profit margin decreased from 16.2% in 2007 to 9.6% in the current year.

In addition to strengthening the control of production cost, the Group will accelerate the development of new products. It is expected a number of cephalosporin bulk drug products will be launched in 2009. One of the workshops under construction for the new products will be applied for the U.S. Food and Drug Administration ("FDA") accreditation and it is expected that the FDA accreditation on-site inspection will take place in 2009.

Finished Drugs

The expanding medical insurance system and vast investment in the establishment of medical infrastructure in the PRC have made medical services more accessible to people residing in rural and urban areas, which directly drives growth in the demand for pharmaceutical products. The Group grasped the opportunities under this favourable market environment and actively expanded its market coverage. Revenue for the year reached HK\$1,989 million, representing an increase of 33% over previous year. Among the major products, the revenue of amoxicillin capsules, ceftriaxone sodium for injection and penicillin sodium for injection increased by 32% to HK\$831 million as compared to previous year. Gross profit margin of this business segment slightly increased from 25.7% in 2007 to 26.7% in the current year.

The opinions of the reform of the medical and healthcare system in the PRC has just been released while the government has been increasing its investment in the medical and healthcare system. As a major finished drug manufacturer in the PRC with a strong distribution network across urban and rural areas, the Group will benefit directly from the rapid growth of the PRC pharmaceutical market.

In order to achieve rapid growth in the finished drug business, apart from further expanding its sales force and stepping up end-users marketing efforts, the Group will also expedite the development of new products. Currently, 19 new products of different specifications of the Group have obtained the approval of the State Food and Drug Administration (“SFDA”) of the PRC and ready to be launched in 2009, while 36 other products being under review by the SFDA, 6 others undergoing clinical trials and 49 others in the stage of research and development. These product development projects include products for the treatment of cardio-cerebrovascular diseases, type II diabetes, anti-tumor and antibiotics.

Acquisition costs would be lowered under the current economic turmoil. The Group will actively explore suitable acquisition opportunities with a view to expanding its product portfolio and product types. The Group would focus on acquisitions that will supplement finished drugs and new drugs that it lacks, adding growth potential to this business segment.

The finished drug business of the Group has an enormous growth potential. With the aim of developing the finished drug products into the leading business segment of the Group and further establishing as the leader in the PRC finished drug market, we will endeavour to re-position the sales and marketing strategies in 2009 to ensure this business to become the main growth driver.

FINANCIAL REVIEW

Liquidity and financial position

In 2008, the Group’s operating activities generated a net cash inflow of HK\$1,516,293,000. Capital expenditure in relation to the addition of production facilities amounted to HK\$350,473,000. The Group’s current ratio improved from 1.0 a year earlier to 1.5 as at 31 December 2008. Debtor turnover period (ratio of the total balance of trade receivables and bills receivables to sales, inclusive of value added tax for sales in the PRC) shortened from 62 days in the previous year to 49 days in the current year. Owing to a slowdown in sales of penicillin products, inventory turnover period (ratio of inventories balance to cost of sales) increased from 98 days in the previous year to 106 days in the current year.

The Group’s financial position remained strong. As at 31 December 2008, bank balances and cash amounted to HK\$1,123,110,000 and total borrowings amounted to HK\$1,495,645,000 (comprising bank loans of HK\$1,373,627,000 and loans from a related company of HK\$122,018,000). Out of the total borrowings, HK\$577,018,000 will be repayable within one year and the remaining HK\$918,627,000 repayable between two to three years. Net gearing ratio (calculated on the basis of the Group’s total borrowings net of bank balances and cash over shareholders’ equity at the balance sheet date) decreased from 38% a year earlier to 8% as at 31 December 2008.

42% of the Group's borrowings are denominated in Hong Kong dollars or US dollars and the remaining 58% in Renminbi. The Group's revenues are denominated mainly either in Renminbi or in US dollars. The Group believed that its exposure to foreign currency risks is not significant, but we will monitor closely the currency movement.

Pledge of assets

As at 31 December 2008, bank deposits of HK\$2,048,000 (2007: HK\$751,000) were pledged to banks as security for the issuance of letters of credit.

Contingent liabilities

As disclosed in the press announcement of the Company dated 22 February 2005, the Company and one of its subsidiaries were named as, among others, defendants in a number of antitrust complaints filed in the United States. Up to the date of this announcement, four antitrust complaints have been served on the Company and three antitrust complaints have been served on the subsidiary.

The directors and management of the Company intend to contest the claims set out in the antitrust complaints vigorously. The Group has appointed legal advisers to advise them in the legal proceedings and the outcome of the antitrust complaints cannot be reliably estimated with reasonable certainty at this stage.

Further information on the antitrust complaints is set out in the notes to the accounts in the 2008 Annual Report.

EMPLOYEES

As at 31 December 2008, the Group had about 9,890 employees, the majority of them were employed in the PRC. The Group will continue to offer competitive remuneration packages, discretionary share options and bonuses to staff based on the performance of the Group and the individual employee.

CORPORATE GOVERNANCE

The Company has complied with the code provisions in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2008 with certain deviation as set out below.

Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cai Dongchen, the Company's Chairman, has also assumed the role as the chief executive officer of the Company. The Company believes that vesting both roles in Mr. Cai will allow for more effective planning and execution of business strategies. As all major decisions are made in consultation with members of the Board, the Company believes that there is adequate balance of power and authority in place.

REVIEW OF ANNUAL RESULTS

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2008 in conjunction with the external auditor.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company repurchased its own shares through The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as follows:

Month of repurchase	Number of ordinary shares of HK\$0.10 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
October 2008	1,640,000	1.41	1.33	2,255
December 2008	1,524,000	2.76	2.68	4,167

During the year, the Company repurchased 3,164,000 ordinary shares of the Company on the Stock Exchange for a total consideration of HK\$6,422,000. Out of the repurchased ordinary shares, 2,816,000 shares were cancelled during the year and the remaining 348,000 shares were cancelled subsequent to the balance sheet date. The issued share capital of the Company has been reduced by the par value of the total repurchased shares and the relevant aggregate consideration was paid out from the Company's retained profits. The directors' considered that the repurchases would enhance the shareholders' value.

Other than as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

By order of the Board
China Pharmaceutical Group Limited
Cai Dongchen
Chairman

Hong Kong, 8 April 2009

As at the date of this announcement, the Board 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.