



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)

**UNAUDITED RESULTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007**

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 nine months ended September 30, 2007 in line with its current practice to publish the Group’s quarterly financial results.

CONSOLIDATED INCOME STATEMENT

	For the nine months ended September 30,	
	2007	2006
	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)
Revenue	3,599,880	2,608,016
Cost of sales	(2,489,516)	(2,161,879)
Gross profit	1,110,364	446,137
Other income	15,922	26,892
Selling and distribution expenses	(279,651)	(166,310)
Administrative expenses	(352,250)	(223,451)
Other expenses	(43,033)	(5,898)
Operating profit	451,352	77,370
Finance costs	(83,122)	(71,642)
Share of loss of a jointly controlled entity	(5,203)	(1,067)
Profit before tax	363,027	4,661
Income tax	(34,269)	5,870
Profit for the period	328,758	10,531
Attributable to:		
Equity holders of the Company	330,122	10,907
Minority interests	(1,364)	(376)
	328,758	10,531
Dividend	—	—
Earnings per share — Basic	HK21.46 cents	HK0.71 cents

Notes:

1. The accounting policies used in the preparation of the financial data for the nine months ended September 30, 2007 are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended December 31, 2006.
2. The calculation of the basic earnings per share for the nine months ended September 30, 2007 is based on the unaudited profit attributable to equity holders of the Company of HK\$330,122,000 (1.1.2006 to 9.30.2006: HK\$10,907,000) and the 1,538,124,661 shares (1.1.2006 to 9.30.2006: 1,538,124,661 shares) in issue during the period.

No diluted earnings per share is presented for the nine months ended September 30, 2007 and 2006 as there were no potential ordinary shares in issue during both periods.

3. The directors resolved not to declare an interim dividend for the nine months ended September 30, 2007 (1.1.2006 to 9.30.2006: Nil).
4. The financial data for the nine months ended September 30, 2007 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 reports its primary segment information by products, namely bulk drugs (including penicillin series, cephalosporin series and vitamin C series), finished drugs and others. Segment information about these products is presented below:

For the nine months ended September 30, 2007

	Bulk Drugs			Finished Drugs	Others	Eliminations	Consolidated
	Penicillin series	Cephalosporin series	Vitamin C series				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE							
External sales	1,256,722	543,698	739,766	1,034,904	24,790	—	3,599,880
Inter-segment sales	293,029	29,877	623	—	190	(323,719)	—
TOTAL REVENUE	1,549,751	573,575	740,389	1,034,904	24,980	(323,719)	3,599,880
SEGMENT RESULTS	361,862	30,318	112,059	(17,113)	(20,624)		466,502
Unallocated income							94
Unallocated corporate expenses							(15,244)
Operating profit							451,352

For the nine months ended September 30, 2006

	Bulk Drugs			Finished Drugs	Others	Eliminations	Consolidated
	Penicillin series	Cephalosporin series	Vitamin C series				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE							
External sales	737,494	485,356	431,004	941,347	12,815	—	2,608,016
Inter-segment sales	146,639	71,410	379	—	—	(218,428)	—
TOTAL REVENUE	884,133	556,766	431,383	941,347	12,815	(218,428)	2,608,016
SEGMENT RESULTS	45,972	31,353	(3,101)	30,912	(16,161)		88,975
Unallocated income							909
Unallocated corporate expenses							(12,514)
Operating Profit							77,370

Inter-segment sales are charged at prevailing market rates.

BUSINESS REVIEW AND OUTLOOK

For the first nine months of the year, the average prices of penicillin industrial salt, amoxicillin and 6-APA were US\$18.37 per kg (third quarter: US\$25.01), US\$35.42 per kg (third quarter: US\$47.54) and US\$37.57 per kg (third quarter: US\$51.51) respectively, while the gross profit margin of the series was 40.1%. The average price of 7-ACA was US\$85.40 per kg (third quarter: US\$89.37) and the gross profit margin of the series was 16.4%. The average price of vitamin C was US\$4.17 per kg (third quarter: US\$5.54) and the gross profit margin of the series was 33.8%. Revenue of the finished drug division grew 10% to HK\$1,034.9 million, with a gross profit margin of 24.6%.

Prices of the penicillin products have adjusted downwards recently after reaching the record high in the third quarter, while prices of the cephalosporin products continue to recover gradually. For the vitamin C products, the prices remain strong. Though market condition of the finished drug division is still tough, its performance is expected to be able to improve gradually.

By order of the Board
Cai Dongchen
Chairman

Hong Kong, December 13, 2007

As at the date of this announcement, the Board of Directors of the Company comprises eight executive directors, namely 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; one non-executive director, namely Mr. Lee Ka Sze, Carmelo and four independent non-executive directors, namely Mr. Huo Zhenxing, Mr. Qi Moujia, Mr. Guo Shichang and Mr. Chan Siu Keung, Leonard.