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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)

UNAUDITED RESULTS
FOR THE THREE MONTHS ENDED 31 MARCH 2009

The Board of Directors of China Pharmaceutical Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2009 as follows:

FINANCIAL HIGHLIGHTS

	Three months ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
Results	(Unaudited)	(Unaudited)
Revenue	1,749,063	1,553,543
Profit attributable to shareholders	261,921	151,939
Basic earnings per share	HK17.06 cents	HK9.88 cents
	At 31 March	At 31 December
	2009	2008
Balance Sheet	(Unaudited)	(Audited)
Equity attributable to shareholders <i>(HK\$'000)</i>	4,758,962	4,497,378
Net assets per share	HK\$3.10	HK\$2.93
Total borrowings <i>(HK\$'000)</i>	1,388,828	1,495,645
Balance balances and cash <i>(HK\$'000)</i>	1,266,109	1,123,110
Net debt/equity ratio	2.6%	8.3%

CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2009

	Three months ended 31 March	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue	1,749,063	1,553,543
Cost of sales	<u>(1,172,364)</u>	<u>(1,143,842)</u>
Gross profit	576,699	409,701
Other income	8,300	17,848
Selling and distribution expenses	(135,723)	(92,114)
Administrative expenses	(116,072)	(107,783)
Other expenses	<u>(13,561)</u>	<u>(23,290)</u>
Operating profit	319,643	204,362
Share of results of a jointly controlled entity	(554)	1,435
Finance costs	<u>(18,615)</u>	<u>(27,305)</u>
Profit before tax	300,474	178,492
Income tax expense	<u>(37,988)</u>	<u>(25,765)</u>
Profit for the period	<u><u>262,486</u></u>	<u><u>152,727</u></u>
Attributable to:		
Equity holders of the Company	261,921	151,939
Minority interests	<u>565</u>	<u>788</u>
	<u><u>262,486</u></u>	<u><u>152,727</u></u>
Dividend	<u>—</u>	<u>—</u>
	<i>HK cents</i>	<i>HK cents</i>
Earnings per share — Basic	<u><u>17.06</u></u>	<u><u>9.88</u></u>

Notes:

1. The accounting policies used in the preparation of the financial data for the three months ended 31 March 2009 are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2008.
2. The calculation of the basic earnings per share for the three months ended 31 March 2009 is based on the unaudited profit attributable to equity holders of the Company of HK\$261,921,000 (1.1.2008 to 31.3.2008: HK\$151,939,000) and the 1,534,960,661 shares (1.1.2008 to 31.3.2008: 1,538,124,661 shares) in issue during the period.

No diluted earnings per share is presented for the three months ended 31 March 2008 and 2009 as there were no potential ordinary shares in issue during both periods.
3. The board of directors does not recommend the payment of an interim dividend for the three months ended 31 March 2009 (1.1.2008 to 31.3.2008: Nil).
4. The financial data for the three months ended 31 March 2009 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 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 three months ended 31 March 2009

	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	633,896	398,926	179,068	521,108	16,065	—	1,749,063
Inter-segment sales	1,300	103,763	81,709	—	273	(187,045)	—
TOTAL REVENUE	<u>635,196</u>	<u>502,689</u>	<u>260,777</u>	<u>521,108</u>	<u>16,338</u>	<u>(187,045)</u>	<u>1,749,063</u>
SEGMENT RESULTS	<u>326,570</u>	<u>(10,521)</u>	<u>175</u>	<u>37,686</u>	<u>(711)</u>		353,199
Unallocated income							2,158
Unallocated expenses							(35,714)
Operating profit							<u>319,643</u>

For the three months ended 31 March 2008

	Intermediates and Bulk Drugs			Finished Drugs	Others	Eliminations	Consolidated
	Vitamin C series <i>HK\$'000</i>	Penicillin series <i>HK\$'000</i>	Cephalosporin series <i>HK\$'000</i>				
REVENUE							
External sales	406,720	541,832	137,211	454,240	13,540	—	1,553,543
Inter-segment sales	560	70,751	34,417	—	817	(106,545)	—
TOTAL REVENUE	<u>407,280</u>	<u>612,583</u>	<u>171,628</u>	<u>454,240</u>	<u>14,357</u>	<u>(106,545)</u>	<u>1,553,543</u>
SEGMENT RESULTS	<u>142,507</u>	<u>24,961</u>	<u>1,940</u>	<u>33,552</u>	<u>349</u>		203,309
Unallocated income							7,096
Unallocated expenses							(6,043)
Operating profit							<u>204,362</u>

Inter-segment sales are charged at prevailing market rates.

BUSINESS REVIEW

For the first quarter of 2009, the Group's revenue and profit attributable to shareholders amounted to HK\$1,749,063,000 and HK\$261,921,000, representing an increase of 12.6% and 72.4% over the same period last year, respectively.

The performance of the vitamin C business remained robust during the first quarter of 2009 with average selling price of vitamin C rising to US\$10.76 per kg as compared to US\$6.77 of the same period last year. Selling prices of penicillin and cephalosporin products remained under pressure amid fierce market competition. The finished drugs business maintained its growing momentum with revenue increasing by 14.7% over the same period last year.

In order to accelerate the growth of the finished drug business, the Group has entered into an agreement to acquire 70% interest in an enterprise located in Shanxi Province at a consideration of RMB70 million in April this year. The enterprise is mainly engaged in the manufacture and sales of Chinese medicines (including injections) and intravenous infusion solution products.

FINANCIAL POSITION

The financial position of the Group continues to be strong. As at 31 March 2009, the Group had total borrowings of HK\$1,388,828,000 while bank balances and cash amounted HK\$1,266,109,000. The net debt/equity ratio further reduced to 2.6% as at 31 March 2009 as compared to 8.3% as at the end of 2008.

By order of the Board
Cai Dongchen
Chairman

Hong Kong, 9 June 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.