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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 2010**

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 2010 as follows:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue	<b>1,881,760</b>	1,749,063
Cost of sales	<b>(1,286,231)</b>	(1,172,364)
Gross profit	<b>595,529</b>	576,699
Other income	<b>11,165</b>	8,300
Selling and distribution expenses	<b>(120,585)</b>	(135,723)
Administrative expenses	<b>(136,202)</b>	(116,072)
Other expenses	<b>(48,399)</b>	(13,561)
Operating profit	<b>301,508</b>	319,643
Share of results of a jointly controlled entity	<b>1,439</b>	(554)
Finance costs	<b>(14,445)</b>	(18,615)
Profit before tax	<b>288,502</b>	300,474
Income tax expense	<b>(48,502)</b>	(37,988)
Profit for the period	<b>240,000</b>	262,486
Attributable to:		
Owners of the Company	<b>234,854</b>	261,921
Minority interests	<b>5,146</b>	565
	<b>240,000</b>	262,486
	<b>HK cents</b>	HK cents
Earnings per share — Basic	<b>15.30</b>	17.06

Notes:

1. The accounting policies used in the preparation of the financial data for the three months ended 31 March 2010 are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2009.
2. The calculation of the basic earnings per share for the three months ended 31 March 2010 is based on the unaudited profit attributable to owners of the Company of HK\$234,854,000 (2009: HK\$261,921,000) and 1,534,960,661 shares (2009: 1,534,960,661 shares) in issue during the period.  
  
No diluted earnings per share is presented for the three months ended 31 March 2009 and 2010 as there were no potential ordinary shares in issue during both periods.
3. The board of directors does not declare the payment an interim dividend for the three months ended 31 March 2010 (2009: Nil).
4. The financial data for the three months ended 31 March 2010 is based on the internal records and management accounts of the Group and has not been reviewed or audited by the external auditor of the Company.

## REVENUE AND SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable segment.

*For the three months ended 31 March 2010:*

	<u>Intermediates and Bulk Drugs</u>		Finished Drugs	Others	Eliminations	Consolidated
	Vitamin C series	Antibiotics 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>
SEGMENT REVENUE						
External sales	518,803	735,401	568,484	59,072	—	1,881,760
Inter-segment sales	849	204,637	—	—	(205,486)	—
TOTAL REVENUE	<u>519,652</u>	<u>940,038</u>	<u>568,484</u>	<u>59,072</u>	<u>(205,486)</u>	<u>1,881,760</u>
Inter-segment sales are charged at prevailing market rates.						
SEGMENT RESULTS	<u>242,540</u>	<u>40,611</u>	<u>47,176</u>	<u>2,786</u>		333,113
Unallocated income						1,932
Unallocated expenses						<u>(33,537)</u>
Operating profit						<u>301,508</u>

For the three months ended 31 March 2009:

	Intermediates and Bulk Drugs		Finished Drugs	Others	Eliminations	Consolidated
	Vitamin C series HK\$'000	Antibiotics series HK\$'000				
SEGMENT REVENUE						
External sales	633,896	577,994	521,108	16,065	—	1,749,063
Inter-segment sales	<u>1,300</u>	<u>185,472</u>	<u>—</u>	<u>273</u>	<u>(187,045)</u>	<u>—</u>
TOTAL REVENUE	<u>635,196</u>	<u>763,466</u>	<u>521,108</u>	<u>16,338</u>	<u>(187,045)</u>	<u>1,749,063</u>
Inter-segment sales are charged at prevailing market rates.						
SEGMENT RESULTS	<u>326,570</u>	<u>(10,346)</u>	<u>37,686</u>	<u>(711)</u>		353,199
Unallocated income						2,158
Unallocated expenses						<u>(35,714)</u>
Operating profit						<u>319,643</u>

## BUSINESS REVIEW

During the first quarter of the year, the vitamin C business has become increasingly competitive and which has led to a decline in product price. As a result, revenue of this business for the period dropped by 18.2% to HK\$519 million. For the antibiotics business, its revenue for the first quarter increased by 27.2% to HK\$735 million. Such growth was mainly attributable to the contribution from new cephalosporin products and the rebound of 7-ACA's selling price. The prices of penicillin products remained weak during the period. The finished drugs business maintained its growth momentum and its revenue for the first quarter increased by 9.1% to HK\$568 million.

## FINANCIAL POSITION

The financial position of the Group continued to be strong. As at 31 March 2010, total bank balances and cash amounted to HK\$1,274 million and total borrowings amounted to HK\$1,369 million. The net debt/equity ratio further reduced to 1.8%.

By order of the Board

**Cai Dongchen**

*Chairman*

Hong Kong, 28 May 2010

*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.*