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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 NINE MONTHS ENDED 30 SEPTEMBER 2011
AND
PROFIT WARNING

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 nine months ended 30 September 2011 as follows:

CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2011

	For the nine months ended 30 September	
	2011	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue	5,929,211	5,778,005
Cost of sales	(4,605,611)	(4,037,071)
Gross profit	1,323,600	1,740,934
Other income	67,606	34,655
Selling and distribution expenses	(404,407)	(373,391)
Administrative expenses	(461,843)	(460,301)
Other expenses	(98,337)	(143,229)
Operating profit	426,619	798,668
Share of results of a jointly controlled entity	10,462	5,801
Finance costs	(50,883)	(49,597)
Profit before taxation	386,198	754,872
Taxation	(83,181)	(143,484)
Profit for the period	<u>303,017</u>	<u>611,388</u>

	For the nine months ended 30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period attributable to:		
Owners of the Company	286,332	594,969
Non-controlling interests	16,685	16,419
	303,017	611,388
	<i>HK cents</i>	<i>HK cents</i>
Earnings per share — Basic	18.69	38.76

Notes:

1. The accounting policies used in the preparation of the financial data for the nine months ended 30 September 2011 are consistent with those followed in the preparation of the interim financial statements of the Group for the six months ended 30 June 2011.
2. The calculation of the basic earnings per share for the nine months ended 30 September 2011 is based on the unaudited profit for the period attributable to owners of the Company of HK\$286,332,000 (2010: HK\$594,969,000) and the weighted average number of ordinary shares of 1,531,820,595 (2010: 1,534,960,661 shares in issue) during the period.

No diluted earnings per share is presented for the nine months ended 30 September 2010 and 2011 as there were no potential ordinary shares in issue during both periods.

3. The board of directors does not declare the payment of an interim dividend for the nine months ended 30 September 2011 (2010: Nil).
4. The financial data for the nine months ended 30 September 2011 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.

SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segment for the period under review:

For the nine months ended 30 September 2011 (Unaudited)

	Intermediates and Bulk Drugs		Finished Drugs	Others	Segment Total	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>	<i>HK\$'000</i>
SEGMENT REVENUE							
External sales	1,381,050	2,488,013	1,967,661	92,487	5,929,211	—	5,929,211
Inter-segment sales	1,185	675,340	—	188,315	864,840	(864,840)	—
TOTAL	<u>1,382,235</u>	<u>3,163,353</u>	<u>1,967,661</u>	<u>280,802</u>	<u>6,794,051</u>	<u>(864,840)</u>	<u>5,929,211</u>
Inter-segment sales are charged at prevailing market rates.							
SEGMENT PROFIT (LOSS)	<u>187,602</u>	<u>133,971</u>	<u>180,361</u>	<u>(939)</u>			500,995
Unallocated income							7,428
Unallocated central expenses							<u>(81,804)</u>
Operating profit							<u>426,619</u>

For the nine months ended 30 September 2010 (Unaudited)

	Intermediates and Bulk Drugs		Finished Drugs	Others	Segment Total	Eliminations	Consolidated
	Vitamin C series	Antibiotics series					
	<i>HK\$'000</i>	<i>HK\$'000</i>					
SEGMENT REVENUE							
External sales	1,615,819	2,342,243	1,677,005	142,938	5,778,005	—	5,778,005
Inter-segment sales	1,249	673,001	—	194,669	868,919	(868,919)	—
TOTAL	<u>1,617,068</u>	<u>3,015,244</u>	<u>1,677,005</u>	<u>337,607</u>	<u>6,646,924</u>	<u>(868,919)</u>	<u>5,778,005</u>

Inter-segment sales are charged at prevailing market rates.

SEGMENT PROFIT	<u>627,511</u>	<u>144,195</u>	<u>138,880</u>	<u>4,108</u>			914,694
Unallocated income							6,183
Unallocated central expenses							<u>(122,209)</u>
Operating profit							<u>798,668</u>

BUSINESS REVIEW

The performance of the Group was adversely affected by a number of challenges during the period under review. The issue of overcapacity continued to cause the selling prices of vitamin C and antibiotic products to decline. In addition, market demand weakened during the third quarter. The antibiotic business (including both segments of intermediates and bulk drugs and finished drugs) was also unfavourably affected by the drop in drug tender price and the proposed restrictions on the clinical usage of antibiotics in China. As a result, sales of finished-drug products slowed down during the third quarter.

PROFIT WARNING

The performance of the Group in the fourth quarter may further worsen as there is no sign of improvement in the business environment yet. In light of these adverse conditions, it is expected that the profit of the Group for the financial year ending 31 December 2011 will be substantially lower than the profit for the year ended 31 December 2010.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Cai Dongchen
Chairman

Hong Kong, 30 November 2011

As at the date of this announcement, the board of directors of the Company comprises Mr. Cai Dongchen, Mr. Feng Zhenying, Mr. Chak Kin Man, Mr. Pan Weidong, Mr. Zhao John Huan, Mr. Wang Shunlong, Mr Wang Huaiyu and Mr. Lu Jianmin 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.