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UNAUDITED RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

The Board of Directors of China Pharmaceutical Group Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the nine months ended 30 September 2012 as follows:

CONSOLIDATED INCOME STATEMENT

For the nine months ended 30 September 2012

	For the nine months ended	
	30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue	4,947,286	5,929,211
Cost of sales	(4,316,418)	(4,605,611)
Gross profit	630,868	1,323,600
Other income	48,328	67,606
Selling and distribution expenses	(366,158)	(404,407)
Administrative expenses	(398,991)	(461,843)
Other expenses	(39,085)	(98,337)
Operating (loss) profit	(125,038)	426,619
Share of results of a jointly controlled entity	(1,072)	10,462
Finance costs	(67,682)	(50,883)
(Loss) profit before taxation	(193,792)	386,198
Taxation	(2,798)	(83,181)
(Loss) profit for the period	<u>(196,590)</u>	<u>303,017</u>

	For the nine months ended	
	30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
(Loss) profit for the period attributable to:		
Owners of the Company	(210,078)	286,332
Non-controlling interests	13,488	16,685
	<u>(196,590)</u>	<u>303,017</u>
	<i>HK cents</i>	<i>HK cents</i>
(Loss) earnings per share — Basic	<u>(13.73)</u>	<u>18.69</u>

Notes:

1. The accounting policies used in the preparation of the financial data for the nine months ended 30 September 2012 are consistent with those followed in the preparation of the interim financial statements of the Group for the six months ended 30 June 2012.
2. The calculation of the basic loss per share for the nine months ended 30 September 2012 is based on the loss for the period attributable to owners of the Company of HK\$210,078,000 (2011: profit of HK\$286,332,000) and 1,529,766,661 shares in issue (2011: weighted average number of ordinary shares of 1,531,820,595) for the period.

No diluted earnings per share has been presented for the nine months ended 30 September 2012 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 2012 (2011: Nil).
4. The financial data for the nine months ended 30 September 2012 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 2012 (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	976,363	1,947,754	1,931,050	92,119	4,947,286	—	4,947,286
Inter-segment sales	918	224,812	—	—	225,730	(225,730)	—
TOTAL	<u>977,281</u>	<u>2,172,566</u>	<u>1,931,050</u>	<u>92,119</u>	<u>5,173,016</u>	<u>(225,730)</u>	<u>4,947,286</u>
Inter-segment sales are charged at prevailing market rates.							
SEGMENT (LOSS) PROFIT	<u>(37,079)</u>	<u>(140,691)</u>	<u>108,948</u>	<u>(5,188)</u>			(74,010)
Unallocated income							6,994
Unallocated central expenses							<u>(58,022)</u>
Operating loss							<u>(125,038)</u>

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					
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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	1,382,235	3,163,353	1,967,661	280,802	6,794,051	(864,840)	5,929,211

Inter-segment sales are charged at prevailing market rates.

SEGMENT PROFIT (LOSS)	187,602	133,971	180,361	(939)			500,995
Unallocated income							7,428
Unallocated central expenses							(81,804)
Operating profit							426,619

BUSINESS REVIEW

Intermediates and Bulk Drugs Business

Product prices of vitamin C remained under pressure due to excessive production capacity. Despite the Group's advantage in production costs, this product series still reported a loss for the period. The market condition of antibiotics remained stable in the third quarter. However, production costs were slightly pushed up as the Group's production line in Inner Mongolia was undergoing technical modifications. As a result, this series still recorded a loss for the period.

Finished Drugs Business

During the period, the market maintained a steady development. With effective adjustments to the Group's marketing strategies to minimize the impact of the low tender price and the policy of restrictive use of antibiotics, the overall business maintained a steady growth.

Very Substantial Acquisition

Following the approval by independent shareholders at general meeting, the acquisition of certain pharmaceutical businesses by the Company was completed on 29 October 2012. The completion of the acquisition marked the Group's successful transformation from being a manufacturer of bulk drugs and common generic drugs into a large-scale pharmaceutical conglomerate which focuses on the development of new drugs. The current product series of the new businesses include a number of patented and new drug products, which have gained wide market acceptance and enjoyed rapid growth. We believe that the new businesses will provide the Group with strong profit contributions and growth drivers, and create satisfactory returns to the shareholders.

By order of the Board

Cai Dongchen

Chairman

Hong Kong, 30 November 2012

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, Mr. Lu Jianmin and Mr. Wang Zhenguo 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.