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CSPC PHARMACEUTICAL GROUP LIMITED

石藥集團有限公司

(formerly known as China Pharmaceutical Group Limited 中國製藥集團有限公司)

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock code: 1093)

UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2013

The Board of Directors of CSPC 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 2013 as follows:

CONSOLIDATED INCOME STATEMENT

For the three months ended 31 March 2013

	Three months ended 31 March	
	2013 HK\$'000 (Unaudited)	2012 HK\$'000 (restated) (Unaudited)
Revenue	2,548,540	677,751
Cost of sales	(1,740,091)	(337,768)
Gross profit	808,449	339,983
Other income	35,565	2,652
Selling and distribution expenses	(324,414)	(148,885)
Administrative expenses	(137,808)	(33,333)
Other expenses	(60,971)	(7,298)
Operating profit	320,821	153,119
Finance costs	(22,810)	(5,281)
Share of results of a jointly controlled entity	(7,701)	—
Profit before tax	290,310	147,838
Income tax expense	(61,357)	(21,161)
Profit for the period	228,953	126,677

	Three months ended	
	31 March	
	2013	2012
	HK\$'000	HK\$'000
	(Unaudited)	(restated)
		(Unaudited)
Profit for the period attributable to:		
Owners of the Company	218,764	125,523
Non-controlling interests	10,189	1,154
	228,953	126,677
	HK cents	HK cents
Earnings per share	8.03	10.50
Basic	8.03	10.50
Diluted	3.74	2.91

Notes:

- On 29 October 2012, the Company completed the acquisition of 100% of the issued share capital of Robust Sun Holdings Limited (“Robust Sun”) (the “Acquisition”). As described in the Company’s annual consolidated financial statements for the year ended 31 December 2012, the Acquisition is accounted for as a reverse acquisition under Hong Kong Financial Reporting Standard 3 “Business Combination”. For accounting purpose, Robust Sun and its subsidiaries (the “Robust Sun Group”) is the accounting acquirer, and the Company and its subsidiaries immediately prior to the Acquisition (the CPG Group”) (the accounting acquiree) are deemed to have been acquired by the Robust Sun Group.

The consolidated financial statements have been prepared as a continuation of the Robust Sun Group. Comparative information presented in the consolidated income statement above in respect of the three months ended 31 March 2012 have been restated to present those of the Robust Sun Group rather than those of the CPG Group.

The accounting policies used in the preparation of the financial data for the three months ended 31 March 2013 are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2012.

2. The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Three months ended	
	31 March	
	2013	2012
	HK\$'000	HK\$'000
		(restated)
	(Unaudited)	(Unaudited)

Earnings

Earnings for the purpose of basic and diluted earnings per share	<u>218,764</u>	<u>125,523</u>
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	Three months ended	
	31 March	
	2013	2012
	'000	'000
		(restated)
	(Unaudited)	(Unaudited)

Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share	2,725,422	1,195,655
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Effect of dilutive potential ordinary shares: Convertible bonds as if converted	<u>3,120,119</u>	<u>3,120,119</u>
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Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>5,845,541</u>	<u>4,315,774</u>
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The weighted average numbers of ordinary shares for the purpose of calculating basic earnings per share for the three months ended 31 March 2012 have been retrospectively adjusted for the effects of the recapitalisation that occurs in the reverse acquisition and reflect the weighted average number of shares of the Company deemed to be outstanding for the period from 1 January 2012 to the Acquisition date in the reverse acquisition based on the exchange ratio established in the Acquisition.

3. The board of directors does not declare the payment of an interim dividend for the three months ended 31 March 2013 (2012: Nil).
4. The financial data for three months ended 31 March 2013 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 Group's reportable and operating segments for financial reporting purposes are as follows:

Robust Sun Group

- (a) NBP — NBP series and others
- (b) OYY and its subsidiaries (the "OYY Group") — Oulaining series, Xuanning series, other generic drugs and others
- (c) XNW — Caffeine and others

CPG Group

- (d) Vitamin C (bulk drugs)
- (e) Antibiotics (intermediates and bulk drugs)
- (f) Common Generic Drugs

All reportable segments are engaged in the manufacture and sales of pharmaceutical products.

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

For the three months ended 31 March 2013

	Robust Sun Group			CPG Group			Total Eliminations	Consolidated	
	NBP HK\$'000	OYY Group HK\$'000	XNW HK\$'000	Vitamin C HK\$'000	Antibiotics HK\$'000	Common Generic Drugs HK\$'000			
SEGMENT REVENUE									
External sales	213,454	508,195	164,222	232,212	729,128	701,329	2,548,540	—	2,548,540
Inter-segment sales	—	4,459	967	547	51,576	282	57,831	(57,831)	—
TOTAL REVENUE	<u>213,454</u>	<u>512,654</u>	<u>165,189</u>	<u>232,759</u>	<u>780,704</u>	<u>701,611</u>	<u>2,606,371</u>	<u>(57,831)</u>	<u>2,548,540</u>
Inter-segment sales are charged at prevailing market rates.									
SEGMENT PROFIT (LOSS)	<u>109,355</u>	<u>103,411</u>	<u>40,038</u>	<u>(29,024)</u>	<u>21,942</u>	<u>90,028</u>			335,750
Unallocated income									1,005
Unallocated expenses									<u>(15,934)</u>
Operating profit									320,821
Finance cost									(22,810)
Share of results of a jointly controlled entity									<u>(7,701)</u>
Profit before tax									<u>290,310</u>

For the three months ended 31 March 2012 (restated)

	NBP HK\$'000	OYY Group HK\$'000	XNW HK\$'000	Total HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE						
External sales	143,023	352,913	181,815	677,751	—	677,751
Inter-segment sales	—	11,023	684	11,707	(11,707)	—
TOTAL REVENUE	<u>143,023</u>	<u>363,936</u>	<u>182,499</u>	<u>689,458</u>	<u>(11,707)</u>	<u>677,751</u>

Inter-segment sales are charged at prevailing market rates.

SEGMENT PROFIT	<u>61,989</u>	<u>73,230</u>	<u>16,748</u>			151,967
Unallocated income						1,161
Unallocated expenses						<u>(9)</u>
Operating profit						153,119
Finance cost						<u>(5,281)</u>
Profit before tax						<u>147,838</u>

Segment profit represents the profit earned by each segment without allocation of interest income, finance costs, central administrative expenses, share of results of a jointly controlled entity. This is the measure reported to the board of directors for the purposes of resource allocation and performance assessment.

BUSINESS REVIEW

For the period under review, the Group recorded a sales revenue of HK\$2,544 million and a profit attributable to shareholders of HK\$219 million.

INNOVATIVE DRUG BUSINESS

“NBP” Series

“NBP” series is a patent-protected Class I new drug in China. Its major ingredient is butylphthalide, and the drug is mainly used for the treatment of acute ischemic stroke. Its soft capsule and injection forms were launched in 2005 and 2010 respectively. The product was awarded the State Science and Technology Progress Award (Second Class) in 2009, and the “NBP” brand was honoured as a China’s Well-known Trademark in January 2013. For the first quarter of 2013, the sales revenue of “NBP” soft capsule was HK\$155 million, an increase of 37.1% over the same period of last year; whereas the sales revenue of “NBP” injection was HK\$58.8 million, an increase of 141.9% over the same period of last year.

“Oulaining” Series

“Oulaining” series is available in the form of capsule and lyophilized powder injection. Its major ingredient is oxiracetam, and the drug is mainly used for the treatment of mild to moderate memory and mental impairment resulting from vascular dementia, senile dementia and brain trauma. For the first quarter of 2013, the sales revenue of “Oulaining” lyophilized powder injection was HK\$122 million, an increase of 159.2% over the same period of last year; whereas the sales revenue of “Oulaining” capsule was HK\$33.3 million, an increase of 49.9% over the same period of last year.

“Xuanning” Series

“Xuanning” series is available in the form of tablet and dispersible tablet. Its major ingredient is levamlodipine, and the drug is mainly used for the treatment of hypertension. The drug was awarded the State Technological Invention Award (Second Class) in January 2013. For the first quarter of 2013, the revenue of this series was HK\$54.7 million, an increase of 32.1% over the same period of last year.

BRANDED AND COMMON GENERIC DRUG BUSINESS

During the period under review, this business maintained a steady growth with a slight improvement in profit margin.

BULK DRUG BUSINESS

During the period under review, the market environment of vitamin C remained weak. Product prices remained at low level due to over-capacity. During the period, the operating condition of antibiotics improved slightly as there was a mild increase in product prices.

Caffeine business maintained stable growth with improvement in profit margin. For the first quarter of 2013, it recorded a sales revenue of HK\$129 million, an increase of 15.7% over the same period of last year.

RESEARCH AND DEVELOPMENT

Currently, the Group has a total of 167 products under research and development, with focus on the therapeutic areas of anti-infective, cardio-cerebrovascular, neurology, diabetes and oncology. Among those products, 12 are Class I new drugs and 37 are Class III new drugs. A total of 60 products under development have already obtained clinical trial approval, or are undergoing clinical trial or have filed application for production.

By order of the Board
CSPC Pharmaceutical Group Limited
CAI Dongchen
Chairman

Hong Kong, 31 May 2013

As at the date of this announcement, the Board 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, Mr. CHAN Siu Keung, Leonard, Mr. WANG Bo and Mr. ZHANG Fawang as independent non-executive directors.