

(Stock Code: 1093)

UNAUDITED RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2007

The Board of Directors of China Pharmaceutical Group Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended March 31, 2007 in line with its current practice to publish the Group's quarterly financial results.

CONSOLIDATED INCOME STATEMENT

For the three months ended March 31, 2007

		For the three months ended March 31,			
	2007 <i>HK\$</i> '000 (Unaudited) <i>HK\$</i> '000	2006 HK\$'000 (Unaudited) HK\$'000			
Revenue Cost of sales	1,028,621 (799,542)	912,936 (742,605)			
Gross profit Other income Selling and distribution	229,079 3,346	170,331 12,348			
expenses Administrative expenses Other expenses	(86,618) (89,444) (5,066)	(56,527) (82,377) (4,569)			
Profit from operations Finance costs Share of results of a jointly controlled entity	51,297 (26,048) (2,599)	39,206 (23,458) 791			
Profit before tax Income tax	22,650 (2,121)	16,539 (1,770)			
Profit for the period Attributable to:	20,529	14,769			
Equity holders of the Company Minority interests	$ \begin{array}{r} 20,523 \\ \phantom{00000000000000000000000000000000000$	14,725 44 14,769			
Dividend					
Earnings per share — basic	HK1.33 cents	HK0.96 cents			

Notes:

- 1. The accounting policies adopted in preparation of the financial data for the three months ended March 31, 2007 are consistent with those disclosed in the 2006 annual report of the Company.
- 2. The calculation of the basic earnings per share for the three months ended March 31, 2007 is based on the profit attributable to equity holders of the Company of HK\$20,523,000 (three months ended March 31, 2006: HK\$14,725,000) and 1,538,124,661 shares (three months ended March 31, 2006: 1,538,124,661 shares) in issue during the period.
 - No diluted earnings per share is presented for the three months ended March 31, 2007 and 2006 as there were no potential ordinary shares in issue during both periods.
- 3. The directors resolved not to declare an interim dividend for the three months ended March 31, 2007 (three months ended March 31, 2006: Nil).
- 4. The financial data for the three months ended March 31, 2007 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, which are bulk drugs (including penicillin series, cephalosporin series and vitamin C series), finished drugs and others. Segment information about these products is presented below:

For the three months ended March 31, 2007

	Bulk Drugs						
	Penicillin Cephalosporin		Vitamin C	Finished			
	series	series	series	Drugs	Others	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE							
External sales	357,290	157,759	182,176	323,747	7,649	_	1,028,621
Inter-segment sales	67,912	7,181	600			(75,693)	
TOTAL REVENUE	425,202	164,940	182,776	323,747	7,649	(75,693)	1,028,621
SEGMENT RESULTS	55,532	11,726	494	(5,262)	(7,041)		55,449
Unallocated corporate exper	ises						(4,152)
Profit from operations							51,297

For the three months ended March 31, 2006

	Bulk Drugs						
	Penicillin Cephalosporin		Vitamin C	Finished			
	series	series	series	Drugs	Others	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE							
External sales	206,282	217,759	151,811	334,516	2,568	_	912,936
Inter-segment sales	43,514	28,080	138			(71,732)	
TOTAL REVENUE	249,796	245,839	151,949	334,516	2,568	(71,732)	912,936
SEGMENT RESULTS	9,491	26,290	(3,278)	16,068	(5,380)		43,191
Unallocated corporate expen	ises						(3,985)
Profit from operations							39,206

Inter-segment sales are charged at prevailing market rates.

BUSINESS REVIEW AND OUTLOOK

For the first three months of 2007, the average prices of penicillin industrial salt, amoxcillin and 6-APA were US\$12.96 per kg, US\$27.60 per kg and US\$27.84 per kg respectively, while the gross profit margin of the series was 24.5%. The average price of 7-ACA was US\$82.80 per kg and the gross profit margin of the series was 17.8%. The average price of vitamin C was US\$3.02 per kg and the gross profit margin of the series was 15.9%. Revenue of the finished drug division dropped 3% to HK\$323.7 million, with a gross profit margin of 25.3%.

The performance of both the penicillin and vitamin divisions is expected to benefit from the strong recovery of their product prices in recent months. For the cephalosporin division, the product prices are expected to remain stable. However, the market conditions of the finished drug division continue to be tough. In general it is expected that the results of the Group in the second quarter of the year will be able to grow significantly.

By order of the Board
CAI DONGCHEN
Chairman

Hong Kong, June 14, 2007

As at the date of this announcement, the Board of Directors of the Company comprises eight executive directors, namely Mr. Cai Dongchen, Mr. Yue Jin, Mr. Feng Zhenying, Mr. Ji Jianming, Mr. Chak Kin Man, Mr. Pan Weidong, Mr. Li Zhibiao and Mr. Zhang Zheng; one non-executive director, namely Mr. Lee Ka Sze, Carmelo and four independent non-executive directors, namely Mr. Huo Zhenxing, Mr. Qi Moujia, Mr. Guo Shichang and Mr. Chan Siu Keung, Leonard.