



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 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

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	2007 HK\$'000 (Unaudited) HK\$'000	2006 HK\$'000 (Unaudited) HK\$'000
Revenue	1,028,621	912,936
Cost of sales	(799,542)	(742,605)
Gross profit	229,079	170,331
Other income	3,346	12,348
Selling and distribution expenses	(86,618)	(56,527)
Administrative expenses	(89,444)	(82,377)
Other expenses	(5,066)	(4,569)
Profit from operations	51,297	39,206
Finance costs	(26,048)	(23,458)
Share of results of a jointly controlled entity	(2,599)	791
Profit before tax	22,650	16,539
Income tax	(2,121)	(1,770)
Profit for the period	20,529	14,769
Attributable to:		
Equity holders of the Company	20,523	14,725
Minority interests	6	44
	20,529	14,769
Dividend	—	—
Earnings per share — basic	HK1.33 cents	HK0.96 cents

For the three months ended March 31, 2006

	Bulk Drugs			Finished Drugs	Others	Eliminations	Consolidated
	Penicillin series	Cephalosporin series	Vitamin C series				
	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	<u>249,796</u>	<u>245,839</u>	<u>151,949</u>	<u>334,516</u>	<u>2,568</u>	<u>(71,732)</u>	<u>912,936</u>
SEGMENT RESULTS	<u>9,491</u>	<u>26,290</u>	<u>(3,278)</u>	<u>16,068</u>	<u>(5,380)</u>		43,191
Unallocated corporate expenses							(3,985)
Profit from operations							<u>39,206</u>

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, amoxicillin 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.