



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 2009**

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 2009 as follows:

FINANCIAL HIGHLIGHTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Results	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	1,730,354	1,914,750	5,233,262	5,210,653
Profit attributable to shareholders	223,659	311,410	756,369	755,362
Earnings per share				
— Basic	HK14.57 cents	HK20.25 cents	HK49.28 cents	HK49.11 cents
			At	At
			30 September	31 December
			2009	2008
Financial Position			(Unaudited)	(Audited)
Equity attributable to shareholders (<i>HK\$'000</i>)			4,933,123	4,497,378
Net assets per share			HK\$3.21	HK\$2.93
Total borrowings (<i>HK\$'000</i>)			1,528,036	1,495,645
Balance balances and cash (<i>HK\$'000</i>)			1,549,347	1,123,110
Net debt/equity ratio			Net cash	8.3%

CONSOLIDATED INCOME STATEMENT
For the nine months ended 30 September 2009

	Nine months ended	
	30 September	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue	5,233,262	5,210,653
Cost of sales	(3,540,215)	(3,420,853)
Gross profit	1,693,047	1,789,800
Other income	26,603	32,167
Selling and distribution expenses	(433,817)	(296,823)
Administrative expenses	(333,593)	(384,585)
Other expenses	(51,851)	(101,466)
Operating profit	900,389	1,039,093
Gain on disposal of a subsidiary	31,343	—
Share of results of a jointly controlled entity	123	369
Share of results of an associate	—	1,362
Gain on termination of a derivative financial instrument	—	6,851
Impairment loss on an available-for-sale investment	—	(6,486)
Finance costs	(52,498)	(85,041)
Profit before taxation	879,357	956,148
Income tax expense	(114,800)	(196,111)
Profit for the period	<u>764,557</u>	<u>760,037</u>
Profit for the period attributable to:		
Owners of the Company	756,369	755,362
Minority interests	8,188	4,675
	<u>764,557</u>	<u>760,037</u>
	<i>HK cents</i>	<i>HK cents</i>
Earnings per share — Basic	<u>49.28</u>	<u>49.11</u>

Notes:

1. The accounting policies used in the preparation of the financial data for the nine months ended 30 September 2009 are consistent with those followed in the preparation of the interim financial statements of the Group for the six months ended 30 June 2009.
2. The calculation of the basic earnings per share for the nine months ended 30 September 2009 is based on the unaudited profit attributable to owners of the Company of HK\$756,369,000 (2008: HK\$755,362,000) and 1,534,960,661 shares (2008: 1,538,124,661 shares) in issue during the period.

No diluted earnings per share is presented for the nine months ended 30 September 2008 and 2009 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 2009 (2008: Nil).
4. The financial data for the nine months ended 30 September 2009 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.

SEGMENT INFORMATION

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

For the nine months ended 30 September 2009

	Intermediates and Bulk Drugs				Others	Eliminations	Consolidated
	Vitamin C series	Penicillin series	Cephalosporin series	Finished Drugs			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE							
External sales	1,770,143	1,152,218	613,013	1,600,227	97,661	—	5,233,262
Inter-segment sales	4,249	294,444	155,616	—	856	(455,165)	—
TOTAL REVENUE	1,774,392	1,446,662	768,629	1,600,227	98,517	(455,165)	5,233,262
Inter-segment sales are charged at prevailing market rates.							
SEGMENT PROFIT (LOSS)	922,605	(62,263)	13,192	101,726	5,613		980,873
Unallocated income							7,379
Unallocated central costs							(87,863)
Operating profit							900,389

For the nine months ended 30 September 2008

	Intermediates and Bulk Drugs			Finished Drugs	Others	Eliminations	Consolidated
	Vitamin C series	Penicillin series	Cephalosporin 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>
REVENUE							
External sales	1,595,972	1,511,756	572,918	1,475,256	54,751	—	5,210,653
Inter-segment sales	<u>1,518</u>	<u>426,723</u>	<u>154,811</u>	<u>—</u>	<u>1,684</u>	<u>(584,736)</u>	<u>—</u>
TOTAL REVENUE	<u>1,597,490</u>	<u>1,938,479</u>	<u>727,729</u>	<u>1,475,256</u>	<u>56,435</u>	<u>(584,736)</u>	<u>5,210,653</u>
Inter-segment sales are charged at prevailing market rates.							
SEGMENT PROFIT (LOSS)	<u>721,649</u>	<u>235,343</u>	<u>3,312</u>	<u>100,401</u>	<u>(3,276)</u>		1,057,429
Unallocated income							4,036
Unallocated central costs							<u>(22,372)</u>
Operating profit							<u>1,039,093</u>

BUSINESS REVIEW

The performance of the vitamin C business remained strong with the average selling price of vitamin C reaching US\$10.43 per kg in the third quarter. However, as affected by the overhaul of production workshops, both production and sales volumes declined in the third quarter. The performance of the penicillin and cephalosporin business remained weak amid the fierce market competition. The finished drug business maintained its growth momentum with the gross profit margin slightly higher than the same period last year.

FINANCIAL POSITION

The financial position of the Group continues to be strong. As at 30 September 2009, the Group had total borrowings of HK\$1,528 million and bank balances and cash of HK\$1,549 million. The net debt/equity ratio further improved from 8.3% at the end of 2008 to net cash position at the end of current period.

By order of the Board
Cai Dongchen
Chairman

Hong Kong, 14 December 2009

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Cai Dongchen, Mr. Yue Jin, Mr. Feng Zhenying, Mr. Chak Kin Man, Mr. Pan Weidong, Mr. Zhao John Huan and Mr. Wang Shunlong 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.