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**UNAUDITED RESULTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2012**  
**AND**  
**PROFIT WARNING**

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 three months ended 31 March 2012 as follows:

**CONSOLIDATED INCOME STATEMENT**

*For the three months ended 31 March 2012*

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	<b>1,555,055</b>	2,176,324
Cost of sales	<b>(1,385,955)</b>	(1,622,623)
Gross profit	<b>169,100</b>	553,701
Other income	<b>26,411</b>	15,389
Selling and distribution expenses	<b>(102,695)</b>	(141,592)
Administrative expenses	<b>(135,637)</b>	(157,360)
Other expenses	<b>(11,826)</b>	(49,382)
Operating (loss)/profit	<b>(54,647)</b>	220,756
Share of (loss)/profit of a jointly controlled entity	<b>(207)</b>	3,367
Finance costs	<b>(22,302)</b>	(14,539)
(Loss)/profit before tax	<b>(77,156)</b>	209,584
Income tax expense	<b>(6,204)</b>	(40,359)
(Loss)/profit for the period	<b>(83,360)</b>	169,225

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2012</b>	<b>2011</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss)/profit for the period attributable to:		
Owners of the Company	<b>(85,032)</b>	161,541
Non-controlling interests	<b>1,672</b>	7,684
	<u><b>(83,360)</b></u>	<u>169,225</u>
	<i>HK cents</i>	<i>HK cents</i>
(Loss)/earnings per share — Basic	<u><b>(5.56)</b></u>	<u>10.53</u>

*Notes:*

1. The accounting policies used in the preparation of the financial data for the three months ended 31 March 2012 are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 31 December 2011.
2. The calculation of the basic (loss)/earnings per share for the three months ended 31 March 2012 is based on the unaudited loss for the period attributable to owners of the Company of HK\$85,032,000 (2011: unaudited profit of HK\$161,541,000) and 1,529,766,661 ordinary shares (2011: weighted average number of ordinary shares of 1,533,601,372) in issue during the period.  
  
No diluted (loss)/earnings per share is presented for the three months ended 31 March 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 three months ended 31 March 2012 (2011: Nil).
4. The financial data for the three months ended 31 March 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 operating and reportable segment.

### *For the three months ended 31 March 2012*

	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	328,053	624,377	565,541	37,084	1,555,055	—	1,555,055
Inter-segment sales	458	59,569	—	13,476	73,503	(73,503)	—
TOTAL REVENUE	<u>328,511</u>	<u>683,946</u>	<u>565,541</u>	<u>50,560</u>	<u>1,628,558</u>	<u>(73,503)</u>	<u>1,555,055</u>
Inter-segment sales are charged at prevailing market rates.							
SEGMENT PROFIT/(LOSS)	<u>5,378</u>	<u>(80,059)</u>	<u>29,035</u>	<u>(905)</u>			(46,551)
Unallocated income							16,564
Unallocated central expenses							<u>(24,660)</u>
Operating loss							<u>(54,647)</u>

### *For the three months ended 31 March 2011*

	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	490,404	950,056	703,480	32,384	2,176,324	—	2,176,324
Inter-segment sales	674	240,618	—	76,285	317,577	(317,577)	—
TOTAL REVENUE	<u>491,078</u>	<u>1,190,674</u>	<u>703,480</u>	<u>108,669</u>	<u>2,493,901</u>	<u>(317,577)</u>	<u>2,176,324</u>
Inter-segment sales are charged at prevailing market rates.							
SEGMENT PROFIT	<u>90,729</u>	<u>95,123</u>	<u>69,235</u>	<u>3,000</u>			258,087
Unallocated income							1,278
Unallocated central expenses							<u>(38,609)</u>
Operating profit							<u>220,756</u>

## **BUSINESS REVIEW**

The overall business environment remained very difficult during the period under review. Market overcapacity and the restricted use of antibiotics in China continued to cause the selling prices of both the vitamin C and antibiotic products to fall. Sales of finished drug products also weakened noticeably. Affected by these adverse conditions, the Group recorded a loss of HK\$85,032,000 attributable to owners of the Company for the first quarter of the year.

## **PROFIT WARNING**

In light of the above adverse market conditions, it is expected that the Group is likely to incur a loss for the six months ending 30 June 2012.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Cai Dongchen**  
*Chairman*

Hong Kong, 4 May 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.*