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山東新華製藥股份有限公司

Shandong Xinhua Pharmaceutical Company Limited

(a joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 00719)

UNAUDITED FIRST QUARTER RESULTS OF 2021

(for the period commencing from 1 January 2021 to 31 March 2021)

This announcement is made pursuant to rules 13.09 and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the 3 months ended 31 March 2021. The financial information set out in this announcement has been prepared in accordance with the CASBE (as defined under the Listing Rules) and has been reviewed and approved by the Audit Committee of the Board.

This announcement was prepared in both Chinese and English. In the event of any inconsistencies between the two versions, the Chinese version shall prevail.

I. KEY ACCOUNTING AND FINANCIAL DATA

| Item | Jan - Mar 2021 (Unaudited) RMB Yuan | Jan - Mar 2020 (Unaudited) RMB Yuan | Change as compared to the same period last year |
|---|---|---|--|
| Operating income | 1,768,119,883.04 | 1,705,982,914.01 | 3.64% |
| Net profit attributable to shareholders of listed company | 100,276,326.14 | 86,286,544.27 | 16.21% |
| Net profit attributable to shareholders of listed company after deduction of non-recurring profit and loss | 96,454,109.91 | 78,547,417.73 | 22.80% |
| Net cash flow from operating activities | 89,368,875.29 | 104,929,221.85 | (14.83%) |
| Basic earnings per share (RMB Yuan / Share) | 0.16 | 0.14 | 14.29% |
| Diluted earnings per share (RMB Yuan / Share) | 0.16 | 0.14 | 14.29% |
| Ratio of weighted average return on net assets (%) | 3.04% | 2.88% | Increased by 0.16 percentage points |

| Item | As at 31 Mar 2021 (Unaudited) RMB Yuan | As at 31 Dec 2020 (Audited) RMB Yuan | Change as compared to the end of last year |
|---|--|--|--|
| Total assets | 7,279,400,356.04 | 7,092,952,190.04 | 2.63% |
| Net assets attributable to the shareholders of listed company | 3,359,487,089.39 | 3,223,793,819.25 | 4.21% |

II. PROFIT AND LOSS ACCOUNT

| Item | Jan - Mar 2021 | | Jan - Mar 2020 | |
|--|---|---|---|---|
| | Consolidated (Unaudited) RMB Yuan | Parent company (Unaudited) RMB Yuan | Consolidated (Unaudited) RMB Yuan | Parent company (Unaudited) RMB Yuan |
| I. Gross revenue | 1,768,119,883.04 | 949,499,126.18 | 1,705,982,914.01 | 989,274,388.58 |
| Including: Operating revenue | 1,768,119,883.04 | 949,499,126.18 | 1,705,982,914.01 | 989,274,388.58 |
| II. Total operating costs | 1,645,192,254.65 | 860,896,884.76 | 1,598,810,056.97 | 900,075,107.87 |
| Including: Operating costs | 1,254,025,842.08 | 724,312,604.93 | 1,222,472,164.24 | 748,283,913.04 |
| Taxes and surcharges | 12,969,521.98 | 5,828,517.57 | 14,141,461.75 | 6,573,733.35 |
| Selling expenses | 210,477,024.22 | 4,723,938.33 | 204,532,963.31 | 29,861,348.83 |
| Administration expenses | 79,177,668.02 | 58,216,330.02 | 72,321,500.54 | 46,651,160.65 |
| R&D costs | 77,494,772.47 | 56,252,178.12 | 74,898,770.72 | 57,820,767.20 |
| Financial expenses | 11,047,425.88 | 11,563,315.79 | 10,443,196.41 | 10,884,184.80 |
| Including: Interest expense | 13,897,685.02 | 13,839,939.09 | 14,527,145.14 | 14,508,758.91 |
| Interest income | 1,712,754.65 | 1,139,451.85 | 773,565.60 | 518,505.81 |
| Add: Other income | 5,812,444.68 | 5,390,736.31 | 10,545,393.22 | 10,212,266.72 |
| Investment income (losses to be listed with brackets) | 1,699,415.30 | 1,699,415.30 | (1,665,484.39) | (1,665,484.39) |
| Including: Return on investment on joint ventures and joint ventures (losses to be listed with brackets) | 1,699,415.30 | 1,699,415.30 | (1,665,484.39) | (1,665,484.39) |
| Credit impairment loss (losses to be listed with brackets) | - | - | - | - |
| Assets impairment loss (losses to be listed with brackets) | - | - | - | - |
| Gains from asset disposal (losses to be listed with brackets) | 20,665.92 | - | 70,471.19 | 69,609.70 |
| III. Operating profits (losses to be listed with brackets) | 130,460,154.29 | 95,692,393.03 | 116,123,237.06 | 97,815,672.74 |
| Add: non-operating income | 36,502.45 | 6,300.00 | 18,102.60 | 6,703.63 |
| Less: non-operating expenditure | 1,308,731.31 | 1,304,912.85 | 1,493,839.64 | 661,676.22 |
| IV. Total profits (total loss to be listed with brackets) | 129,187,925.43 | 94,393,780.18 | 114,647,500.02 | 97,160,700.15 |
| Less: income tax expense | 23,512,136.43 | 13,904,154.73 | 21,164,263.83 | 14,823,927.68 |

| | | | | |
|---|----------------|---------------|-----------------|-----------------|
| V. Net profits (net loss to be listed with brackets) | 105,675,789.00 | 80,489,625.45 | 93,483,236.19 | 82,336,772.47 |
| (I) According to operation continuity | | | | |
| 1. Net profit from continued operations (net losses to be listed in brackets) | 105,675,789.00 | 80,489,625.45 | 93,483,236.19 | 82,336,772.47 |
| 2. Net profit from discontinued operations (net losses to be listed in brackets) | | | | |
| (II) According to ownership | | | | |
| 1. Net profit attributable to shareholders of parent company | 100,276,326.14 | - | 86,286,544.27 | - |
| 2. Minority interest income or loss | 5,399,462.86 | - | 7,196,691.92 | - |
| VI. Net amount of other comprehensive income after tax | 790,288.84 | 903,570.40 | (43,485,988.58) | (44,168,570.40) |
| Net amount of other comprehensive income after tax attributable to the shareholders of parent company | 874,501.80 | - | (43,630,963.67) | - |
| (I) Other comprehensive income not subject to reclassification to profit or loss | 903,570.40 | 903,570.40 | (44,168,570.40) | (44,168,570.40) |
| Changes in fair value of other equity instruments investment | 903,570.40 | 903,570.40 | (44,168,570.40) | (44,168,570.40) |
| (II) Other comprehensive income to be reclassified to profit or loss | (29,068.60) | - | 537,606.73 | - |
| Conversion difference of foreign currency statement | (29,068.60) | - | 537,606.73 | - |
| Net amount of other comprehensive income after tax attributable to the minority shareholders | (84,212.96) | - | 144,975.09 | - |
| VII. Total comprehensive income | 106,466,077.84 | 81,393,195.85 | 49,997,247.61 | 38,168,202.07 |
| Total comprehensive income attributable to the shareholders of parent company | 101,150,827.94 | - | 42,655,580.60 | - |
| Total comprehensive income attributable to the minority shareholders | 5,315,249.90 | - | 7,341,667.01 | - |
| VIII. Earnings per share: | | | | |
| (I) Basic earnings per share | 0.16 | - | 0.14 | - |
| (II) Diluted earnings per share | 0.16 | - | 0.14 | - |

By Order of the Board
Shandong Xinhua Pharmaceutical Company Limited

Zhang Daiming

Chairman

9 April 2021, Zibo, PRC

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Zhang Daiming (Chairman)

Mr. Du Deping

Mr. He Tongqing

Independent Non-executive Directors:

Mr. Pan Guangcheng

Mr. Zhu Jianwei

Mr. Lo Wah Wai

Non-executive Directors:

Mr. Xu Lie

Mr. Cong Kechun