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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: 0719)

UNAUDITED FIRST QUARTER RESULTS OF 2020

(for the period commencing from 1 January 2020 to 31 March 2020)

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 2020. 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 2020 (Unaudited) RMB Yuan	Jan- Mar 2019 (Unaudited) RMB Yuan		Change as compared to the same period last year
		Before adjustment	After adjustment	After adjustment
Operating income	1,705,982,914.01	1,617,765,684.10	1,629,794,138.89	4.67%
Net profit attributable to shareholders of listed company	86,286,544.27	75,444,841.65	76,090,649.61	13.40%
Net profit attributable to shareholders of listed company after deduction of non-recurring profit and loss	78,547,417.73	72,681,010.68	72,717,214.21	8.02%
Net cash flow from operating activities	104,929,221.85	56,302,679.51	54,390,274.37	92.92%

Basic earnings per share (RMB Yuan / Share)	0.14	0.12	0.12	16.67%
Diluted earnings per share (RMB Yuan / Share)	0.14	0.12	0.12	16.67%
Ratio of weighted average return on net assets (%)	2.88%	2.76%	2.77%	Increased by 0.11 percentage points
Item	As at 31 Mar 2020 (Unaudited) RMB Yuan	As at 31 Dec 2019 (Audited) RMB Yuan		Change as compared to the end of last year
		Before adjustment	After adjustment	After adjustment
Total assets	7,044,298,293.98	6,436,024,609.48	6,436,024,609.48	9.45%
Net assets attributable to the shareholders of listed company	3,016,470,977.85	2,969,028,070.81	2,969,028,070.81	1.60%

Note: The Company has made retrospective adjustments to the previous financial year's data due to the merger of enterprises under the same control in 2019.

II. PROFIT AND LOSS ACCOUNT

Item	Jan- Mar 2020		Jan- Mar 2019	
	Consolidated (Unaudited) RMB Yuan	Parent company (Unaudited) RMB Yuan	Consolidated (Unaudited) RMB Yuan	Parent company (Unaudited) RMB Yuan
I. Gross revenue	1,705,982,914.01	989,274,388.58	1,629,794,138.89	862,500,597.83
Including: Operating revenue	1,705,982,914.01	989,274,388.58	1,629,794,138.89	862,500,597.83
II. Total operating costs	1,598,810,056.97	900,075,107.87	1,532,807,055.86	772,990,645.41
Including: Operating costs	1,222,472,164.24	748,283,913.04	1,104,477,678.92	621,931,945.90
Taxes and surcharges	14,141,461.75	6,573,733.35	16,876,475.64	7,737,693.65
Selling expenses	204,532,963.31	29,861,348.83	260,302,814.03	21,669,377.60
Administration expenses	72,321,500.54	46,651,160.65	72,362,681.62	53,672,034.69
R&D costs	74,898,770.72	57,820,767.20	57,253,929.71	48,081,597.94
Financial expenses	10,443,196.41	10,884,184.80	21,533,475.94	19,897,995.63
Including: Interest expense	14,527,145.14	14,508,758.91	14,518,605.65	14,445,199.39
Interest income	773,565.60	518,505.81	945,961.39	760,434.66
Add: Other income	10,545,393.22	10,212,266.72	4,586,705.02	4,480,550.02
Investment income (losses to be listed with brackets)	(1,665,484.39)	(1,665,484.39)	-	334,052.94
Including: Return on investment on joint ventures and joint ventures (losses to be listed with brackets)	(1,665,484.39)	(1,665,484.39)	-	334,052.94

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)	70,471.19	69,609.70	88,085.59	133,427.77
III. Operating profits (losses to be listed with brackets)	116,123,237.06	97,815,672.74	101,661,873.64	94,457,983.15
Add: non-operating income	18,102.60	6,703.63	566,998.09	543,216.12
Less: non-operating expenditure	1,493,839.64	661,676.22	2,002,109.14	1,990,732.32
IV. Total profits (total loss to be listed with brackets)	114,647,500.02	97,160,700.15	100,226,762.59	93,010,466.95
Less: income tax expense	21,164,263.83	14,823,927.68	17,491,932.94	13,901,462.10
V. Net profits (net loss to be listed with brackets)	93,483,236.19	82,336,772.47	82,734,829.65	79,109,004.85
(I) According to operation continuity				
1. Net profit from continued operations (net losses to be listed in brackets)	93,483,236.19	82,336,772.47	82,734,829.65	79,109,004.85
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	86,286,544.27	-	76,090,649.61	-
2. Minority interest income or loss	7,196,691.92	-	6,644,180.04	-
VI. Net amount of other comprehensive income after tax	(43,485,988.58)	(44,168,570.40)	26,257,980.83	26,986,344.00
Net amount of other comprehensive income after tax attributable to the shareholders of parent company	(43,630,963.67)	-	26,405,930.74	-
(I) Other comprehensive income not subject to reclassification to profit or loss	(44,168,570.40)	(44,168,570.40)	26,986,344.00	26,986,344.00
Changes in fair value of other equity instruments investment	(44,168,570.40)	(44,168,570.40)	26,986,344.00	26,986,344.00

(II) Other comprehensive income to be reclassified to profit or loss	537,606.73	-	(580,413.26)	-
Conversion difference of foreign currency statement	537,606.73	-	(580,413.26)	-
Net amount of other comprehensive income after tax attributable to the minority shareholders	144,975.09	-	(147,949.91)	-
VII. Total comprehensive income	49,997,247.61	38,168,202.07	108,992,810.48	106,095,348.85
Total comprehensive income attributable to the shareholders of parent company	42,655,580.60	-	102,496,580.35	-
Total comprehensive income attributable to the minority shareholders	7,341,667.01	-	6,496,230.13	-
VIII. Earnings per share:				
(I) Basic earnings per share	0.14	-	0.12	-
(II) Diluted earnings per share	0.14	-	0.12	-

By Order of the Board
Shandong Xinhua Pharmaceutical Company Limited
Zhang Daiming
Chairman
21 April 2020, Zibo, PRC

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

Executive Directors:
Mr. Zhang Daiming (Chairman)
Mr. Du Deping

Independent Non-executive Directors:
Mr. Du Guanhua
Mr. Li Wenming
Mr. Lo Wah Wai

Non-executive Directors:
Mr. Ren Fulong
Mr. Xu Lie