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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 QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 9 months ended 30 September 2020. All financial information set out in this announcement has been prepared in accordance with the CASBE (as defined under the Listing Rules).

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

1. KEY ACCOUNTING AND FINANCIAL DATA

	As at 30 Sep 2020 (Unaudited) RMB Yuan	As at 31 Dec 2019 (Audited) RMB Yuan		Change
		Before Adjustment	After Adjustment	After Adjustment
Total assets	**6,695,857,348.66**	6,436,024,609.48	6,436,024,609.48	4.04%
Net assets attributable to the shareholders of the Company	**3,110,750,590.32**	2,969,028,070.81	2,969,028,070.81	4.77%
	Jan - Sep 2020 (Unaudited) RMB Yuan	Jan - Sep 2019 (Unaudited) RMB Yuan		Change as compared with the same period last year
		Before Adjustment	After Adjustment	After Adjustment
Operating income	**4,638,516,349.70**	4,399,154,718.03	4,430,700,068.03	4.69%
Net profit attributable to the	**246,066,181.61**	238,601,004.25	241,161,536.42	2.03%

shareholders of the Company				
Net profit attributable to the shareholders of the Company after deduction of non-recurring profit and loss	**216,589,202.91**	210,027,579.59	212,632,793.07	1.86%
Net cash flow from operating activities	**403,088,862.25**	293,388,996.13	298,451,874.43	35.06%
Basic earnings per share (RMB Yuan / Share)	**0.40**	0.38	0.39	2.56%
Diluted earnings per share (RMB Yuan / Share)	**0.40**	0.38	0.39	2.56%
Ratio of weighted average return on net assets (%)	**8.06%**	8.53%	8.58%	Decreased by 0.52 percentage points

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

2. PROFIT AND LOSS ACCOUNT

Consolidated Income Statement

Item	Nine months ended 30 September 2020 (unaudited) RMB Yuan	Nine months ended 30 September 2019 (unaudited) RMB Yuan
I. Gross revenue	4,638,516,349.70	4,430,700,068.03
Including: Operating revenue	4,638,516,349.70	4,430,700,068.03
II. Total operating costs	4,331,086,929.63	4,130,089,421.35
Including: Operating costs	3,293,039,456.85	3,027,340,833.69
Taxes and surcharges	49,670,346.15	44,818,060.10
Selling expenses	489,022,495.14	624,072,106.53
Administration expenses	232,130,383.24	220,285,398.57
R&D cost	207,951,491.66	182,398,040.46
Financial expenses	59,272,756.59	31,174,982.00
Including: Interest expense	46,428,885.58	41,722,494.89
Interest income	3,515,589.46	2,656,434.37
Add: Other income	28,738,672.37	31,938,980.45
Investment income (losses to be listed with brackets)	6,208,023.96	3,415,312.45
Including: Income from investment in affiliates and joint ventures (losses to be listed with brackets)	(2,381,024.04)	(4,098,744.64)
Credit impairment loss (losses to be listed with brackets)	(1,922,431.15)	(1,663,431.44)
Assets impairment loss (losses to be listed with brackets)	(5,369,396.50)	(14,360,552.94)
Gains from assets disposal (losses to be listed with brackets)	545,305.85	263,332.37
III. Operating profits (losses to be listed with brackets)	335,629,594.60	320,204,287.57
Add: non-operating income	912,012.29	2,042,587.98
Less: non-operating expenditure	5,099,479.56	6,261,738.33
IV. Total profits (total loss to be listed with brackets)	331,442,127.33	315,985,137.22
Less: income tax expense	64,059,452.58	56,261,202.74
V. Net profits (net loss to be listed with brackets)	267,382,674.75	259,723,934.48
（I）According to operation continuity		

1. Net profit from continued operations (net losses to be listed in brackets)	267,382,674.75	259,723,934.48
2. Net profit from discontinued operations (net losses to be listed in brackets)	-	-
（II） According to ownership		
1. Net profit attributable to the shareholders of parent company	246,066,181.61	241,161,536.42
2. Minority interest	21,316,493.14	18,562,398.06
VI. Net amount of other comprehensive income after tax (net loss to be listed with brackets)	(36,792,061.85)	26,087,754.61
Net amount of other comprehensive income after tax attributable to the shareholders of parent company	(36,590,058.17)	25,879,688.72
（I） Other comprehensive income not subject to reclassification into profit or loss	(35,792,588.80)	24,994,651.20
1.Changes in fair value of other equity instruments investment	(35,792,588.80)	24,994,651.20
（II）Other comprehensive income to be reclassified into profit or loss	(797,469.37)	885,037.52
1.Conversion difference of foreign currency statement	(797,469.37)	885,037.52
Net amount of other comprehensive income after tax attributable to the minority shareholders	(202,003.68)	208,065.89
VII. Total comprehensive income	230,590,612.90	285,811,689.09
Total comprehensive income attributable to the shareholders of parent company	209,476,123.44	267,041,225.14
Total comprehensive income attributable to the minority shareholders	21,114,489.46	18,770,463.95
VIII. Earnings per share:		
(I) Basic earnings per share	0.40	0.39
(II) Diluted earnings per share	0.40	0.39

By order of the Board of Directors
Shandong Xinhua Pharmaceutical Company Limited
Zhang Daiming
Chairman

22 October 2020, Zibo, PRC

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

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

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

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