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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 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 9 months ended 30 September 2021. All 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 Board and the Audit Committee of the Board.

The Board and the supervisory committee of the Company and its directors, supervisors and senior management, and persons in charge of the accounting function warrant that there are no false presentations or misleading statements contained in, or material omissions from, this announcement, and severally and jointly accept legal responsibility for the authenticity, accuracy and completeness of the information contained in this announcement.

This announcement is simultaneously available on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the website of the Company at <http://www.xhzy.com>. The third quarterly report of 2021 prepared in accordance with the CASBE will also be available at <http://www.cninfo.com.cn>.

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

Item	Jan - Sep 2021 (Unaudited) RMB Yuan	Jan - Sep 2020 (Unaudited) RMB Yuan	Change as compared to the same period last year
Operating income	4,940,192,936.36	4,638,516,349.70	6.50%
Net profit attributable to shareholders of listed company	285,336,329.42	246,066,181.61	15.96%
Net profit attributable to shareholders of listed company after deduction of non-recurring profit and loss	251,915,506.34	216,589,202.91	16.31%
Net cash flow from operating activities	230,422,146.43	403,088,862.25	(42.84%)

Basic earnings per share (RMB Yuan / Share)	0.46	0.40	15.00%
Diluted earnings per share (RMB Yuan / Share)	0.45	0.40	12.50%
Ratio of weighted average return on net assets (%)	8.54%	8.06%	Increased by 0.48 percentage points
Item	As at 30 Sep 2021 (Unaudited) RMB Yuan	As at 31 Dec 2020 (Audited) RMB Yuan	Change as compared to the end of last year
Total assets	7,189,407,562.48	7,092,952,190.04	1.36%
Net assets attributable to the shareholders of listed company	3,406,442,460.59	3,223,793,819.25	5.67%

2. PROFIT AND LOSS ACCOUNT

Consolidated Income Statement

Item	Nine months ended 30 September 2021 (unaudited) RMB Yuan	Nine months ended 30 September 2020 (unaudited) RMB Yuan
I. Gross revenue	4,940,192,936.36	4,638,516,349.70
Including: Operating revenue	4,940,192,936.36	4,638,516,349.70
II. Total operating costs	4,594,778,972.14	4,331,086,929.63
Including: Operating costs	3,554,645,822.87	3,293,039,456.85
Taxes and surcharges	44,540,601.94	49,670,346.15
Selling expenses	454,303,699.59	489,022,495.14
Administration expenses	254,945,537.47	232,130,383.24
R&D cost	247,397,181.53	207,951,491.66
Financial expenses	38,946,128.74	59,272,756.59
Including: Interest expense	40,490,300.66	46,428,885.58
Interest income	6,117,637.61	3,515,589.46
Add: Other income	31,702,535.69	28,738,672.37
Investment income (losses to be listed with brackets)	5,867,657.94	6,208,023.96
Including: Income from investment in affiliates and joint ventures (losses to be listed with brackets)	(3,237,828.46)	(2,381,024.04)
Credit impairment loss (losses to be listed with brackets)	(4,756,654.88)	(1,922,431.15)
Assets impairment loss (losses to be listed with brackets)	(34,612,883.67)	(5,369,396.50)
Gains from assets disposal (losses to be listed with brackets)	593,651.48	545,305.85
III. Operating profits (losses to be listed with brackets)	344,208,270.78	335,629,594.60
Add: non-operating income	1,064,918.81	912,012.29
Less: non-operating expenditure	5,260,748.01	5,099,479.56
IV. Total profits (total loss to be listed with brackets)	340,012,441.58	331,442,127.33
Less: income tax expense	42,760,206.20	64,059,452.58
V. Net profits (net loss to be listed with brackets)	297,252,235.38	267,382,674.75
(I) According to operation continuity		

1. Net profit from continued operations (net losses to be listed in brackets)	297,252,235.38	267,382,674.75
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	285,336,329.42	246,066,181.61
2. Minority interest	11,915,905.96	21,316,493.14
VI. Net amount of other comprehensive income after tax (net loss to be listed with brackets)	(48,014,216.93)	(36,792,061.85)
Net amount of other comprehensive income after tax attributable to the shareholders of parent company	(47,948,299.20)	(36,590,058.17)
(I) Other comprehensive income not subject to reclassification into profit or loss	(47,715,273.60)	(35,792,588.80)
1.Changes in fair value of other equity instruments investment	(47,715,273.60)	(35,792,588.80)
(II) Other comprehensive income to be reclassified into profit or loss	(233,025.60)	(797,469.37)
1.Conversion difference of foreign currency statement	(233,025.60)	(797,469.37)
Net amount of other comprehensive income after tax attributable to the minority shareholders	(65,917.73)	(202,003.68)
VII. Total comprehensive income	249,238,018.45	230,590,612.90
Total comprehensive income attributable to the shareholders of parent company	237,388,030.22	209,476,123.44
Total comprehensive income attributable to the minority shareholders	11,849,988.23	21,114,489.46
VIII. Earnings per share:		
(I) Basic earnings per share	0.46	0.40
(II) Diluted earnings per share	0.45	0.40

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

15 October 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

Non-executive Directors:

Mr. Xu Lie

Mr. Cong Kechun

Independent Non-executive Directors:

Mr. Pan Guangcheng

Mr. Zhu Jianwei

Mr. Lo Wah Wai