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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)

THE FIRST QUARTER RESULTS OF 2015

(for the period commencing from 1 January 2015 to 31 March 2015)

This announcement is made in accordance with the disclosure requirement under 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 2015. All financial information set out in this announcement has been prepared in accordance with the generally accepted accounting standards and systems of the People's Republic of China (the “**PRC**”) and the financial results of the Group have not been audited.

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

1. KEY ACCOUNTING AND FINANCIAL DATA

	As at 31 March 2015 (Unaudited) RMB'000	As at 31 December 2014 (Audited) RMB'000		Change %
		Before adjustment	After adjustment	
Total assets	4,349,056	3,837,642	4,245,150	2.45
Net assets attributable to the shareholders of the Company	1,838,922	1,750,317	1,820,690	1.00

	Jan.- Mar. 2015 (Unaudited) RMB'000	Jan.- Mar. 2014 (Unaudited) RMB'000		Change %
		Before adjustment	After adjustment	

Operating income	999,523	870,339	936,219	6.76
Net profit attributable to the shareholders of the Company	14,259	3,196	3,227	341.84
Net profit attributable to the shareholders of the Company after extraordinary items	12,919	4,839	4,839	166.96
Net cash flow from operating activities	(18,148)	52,871	62,683	(128.95)
Basic earnings per share (RMB)	0.03	0.01	0.01	200.00
Diluted earnings per share (RMB)	0.03	0.01	0.01	200.00
Weighted average return on equity (%)	0.78	0.18	0.18	Increased 0.60 points

2. PROFIT AND LOSS ACCOUNT

Items	Jan.- Mar. 2015		Jan.- Mar. 2014	
	Consolidated RMB'000 (Unaudited)	Parent company RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)	Parent company RMB'000 (Unaudited)
1. Total operating income	999,523	515,958	936,219	484,657
Include: Operating income	999,523	515,958	936,219	484,657
2. Total operating cost	980,334	507,238	924,110	477,118
Include: Operating cost	769,380	421,318	762,083	410,689
Operating tax and surcharge	6,603	2,267	3,244	314
Selling expenses	111,955	9,774	85,188	8,266
Administrative expenses	72,405	53,156	60,845	44,469
Financial expenses	19,991	20,723	12,750	13,380
Assets impairment	-	-	-	-
Add: Fair value change income	-	-	-	-
Investment income	223	79	474	1,374
Include: Investment income of related ventures and joint ventures	-	-	-	900
3. Operating profit	19,412	8,799	12,584	8,913
Add: Non-operating income	5,521	5,388	1,268	1,258
Include: gains from disposal of non-current assets	448	448	58	58
Less: Non-operating expenses	4,031	3,650	3,417	1,507
Include: Loss from the disposal of non-current assets	3,283	3,283	689	689
4. Profit before taxation	20,902	10,537	10,434	8,664
Less: income tax	4,099	1,581	2,460	1,165
5. Profit after taxation	16,803	8,957	7,974	7,499
Profit attributable to the equity holders of the parent company	14,259	-	3,227	-
Minority interest	2,544	-	4,746	-
6. Other comprehensive income after taxation	3,972	3,936	(12,408)	(12,022)
Other comprehensive income after taxation belonging to the owners of parent company	3,972	-	(12,408)	-
(I) Other comprehensive income not subject to reclassification to profit and loss in future	-	-	-	-
1. Changes in net indebtedness or net assets after re-measurement of defined benefit plans	-	-	-	-

2. Shares enjoyed in other comprehensive income not subject to reclassification to profit and loss in investee companies under equity law	-	-	-	-
(II) Other comprehensive income to be reclassified to profit and loss in future	3,972	3,936	(12,408)	(12,022)
1. Shares enjoyed in other comprehensive income to be reclassified to profit and loss in investee companies under equity law	-	-	-	-
2. Profit and loss relating to change in fair value of financial assets available for sale	3,936	3,936	(12,022)	(12,022)
3. Profit and loss relating to held-to-maturity investment reclassified as available-for-sale financial assets	-	-	-	-
4. Effective part of profit and loss on cash flow hedge	-	-	-	-
5. Conversion difference of foreign currency statement	37	-	(387)	-
6. Others	-	-	-	-
Other comprehensive income after taxation belonging to the minority shareholders	-	-	-	-
7. Total comprehensive income	20,776	12,892	(4,434)	(4,523)
Total comprehensive income attributable to the shareholders of parent company	18,232	-	(9,181)	-
Total comprehensive income attributable to the minority shareholders	2,544	-	4,746	-
8. Earnings per share:				
(I) Basic earnings per share (RMB)	0.03	0.02	0.01	0.02
(II) Diluted earnings per share(RMB)	0.03	0.02	0.01	0.02

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

24 April 2015, 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. Chan Chung Kik, Lewis

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