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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 2016

(for the period commencing from 1 January 2016 to 31 March 2016)

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 2016. 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 2016 (Unaudited) RMB	As at 31 December 2015 (Audited) RMB	Change %
Total assets	4,506,695,596.48	4,492,122,436.63	0.32
Net assets attributable to the shareholders of the Company	1,887,510,234.97	1,884,256,560.94	0.17
	Jan.- Mar. 2016 (Unaudited) RMB	Jan.- Mar. 2015 (Unaudited) RMB	Change %
Operating income	1,004,837,793.33	999,523,085.35	0.53%
Net profit attributable to the	20,296,756.30	14,259,441.26	42.34%

shareholders of the Company

Net profit attributable to the shareholders of the Company after extraordinary items

20,924,190.86 12,919,419.71 61.96%

Net cash flow from operating activities

47,488,815.21 (18,147,578.63) 361.68%

Basic earnings per share (RMB)

0.04 0.03 33.33%

Diluted earnings per share (RMB)

0.04 0.03 33.33%

Weighted average return on equity (%)

1.07% 0.78% Increased 0.29 points

2. PROFIT AND LOSS ACCOUNT

Items	Jan.- Mar. 2016		Jan.- Mar. 2015	
	Consolidated RMB (Unaudited)	Parent company RMB (Unaudited)	Consolidated RMB (Unaudited)	Parent company RMB (Unaudited)
1. Total operating income	1,004,837,793.33	557,979,983.74	999,523,085.35	515,958,078.59
Include: Operating income	1,004,837,793.33	557,979,983.74	999,523,085.35	515,958,078.59
2. Total operating cost	972,968,247.86	541,579,514.22	980,333,993.15	507,237,778.39
Include: Operating cost	759,549,134.57	443,608,603.42	769,379,525.06	421,318,173.74
Operating tax and surcharge	6,981,611.67	3,435,964.64	6,602,920.13	2,267,392.61
Selling expenses	104,376,053.41	10,742,658.60	111,954,663.15	9,774,172.61
Administrative expenses	79,813,029.98	61,446,223.30	72,405,402.46	53,155,532.09
Financial expenses	20,098,418.23	20,196,064.26	19,991,482.35	20,722,507.34
Assets impairment	2,150,000.00	2,150,000.00	0.00	0.00
Add: Fair value change income				
Investment income	12,916.67	17,869,379.21	222,730.19	79,049.86
Include: Investment income of related ventures and joint ventures				
3. Operating profit	31,882,462.14	34,269,848.73	19,411,822.39	8,799,350.06
Add: Non-operating income	3,489,026.97	3,428,259.81	5,520,986.76	5,388,033.84
Include: gains from disposal of non-current assets	815,242.31	815,242.31	482,386.79	447,886.79
Less: Non-operating expenses	5,599,813.56	1,404,710.47	4,030,513.99	3,650,002.87
Include: Loss from the disposal of non-current assets	5,271.88	5,271.88	3,283,359.56	3,283,359.56
4. Profit before taxation	29,771,675.55	36,293,398.07	20,902,295.16	10,537,381.03
Less: income tax	6,264,751.10	2,763,602.83	4,098,806.13	1,580,607.15
5. Profit after taxation	23,506,924.45	33,529,795.24	16,803,489.03	8,956,773.88
Profit attributable to the equity holders of the parent company	20,296,756.30		14,259,441.26	
Minority interest	3,210,168.15		2,544,047.77	
6. Other comprehensive income after taxation	(17,043,082.27)	(17,255,598.40)	3,972,281.05	3,935,608.80
Other comprehensive income after taxation belonging to the owners of parent company	(17,043,082.27)		3,972,281.05	
(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

(17,043,082.27)	(17,255,598.40)	3,972,281.05	3,935,608.80
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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

(17,255,598.40)	(17,255,598.40)	3,935,608.80	3,935,608.80
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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

212,516.13		36,672.25	
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6. Others

Other comprehensive income after taxation belonging to the minority shareholders

7. Total comprehensive income

6,463,842.18	16,274,196.84	20,775,770.08	12,892,382.68
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Total comprehensive income attributable to the shareholders of parent company

3,253,674.03		18,231,722.31	
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Total comprehensive income attributable to the minority shareholders

3,210,168.15		2,544,047.77	
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8. Earnings per share:

(I) Basic earnings per share (RMB)

0.04	0.07	0.03	0.02
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(II) Diluted earnings per share(RMB)

0.04	0.07	0.03	0.02
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Shandong Xinhua Pharmaceutical Company Limited

By order of the Board of Directors

Zhang Daiming

Chairman

29 April 2016, 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