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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)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the SFO.

The Board wishes to inform the Shareholders and potential investors that the Group is expected to record an increase in the net profit attributable to the Shareholders during the Reporting Period as defined herein.

The information contained in this announcement is only based on the preliminary review and assessment by the Board of the consolidated management accounts of the Group and other information currently available, which have not been reviewed or audited by the Company's auditors.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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, the Laws of Hong Kong) (the “**SFO**”).

I Estimates of the results for the Reporting Period

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the Board's preliminary review of the unaudited consolidated management accounts of the Group for the five months ended 31 May 2017 and the business performance of the Group for June up to the date of this announcement, the Group is expected to record an increase in the net profit attributable to the Shareholders for the period from 1 January 2017 to 30 June 2017 (the “**Reporting Period**”), as compared to the corresponding period in 2016. Details of the estimated results relating to the profit attributable to the Shareholders are shown in the table below:

The period of estimated results is from 1 January 2017 to 30 June 2017.

The estimated result is an increase as compared with the corresponding period last year.

Items	Estimated profit during the Reporting Period	Profit during the corresponding period in 2016
Net profits attributable to the equity holders of the Company	An increase of approximately 100%-150% as compared with the same period last year	Profit: RMB45,870,000
	Estimated profit: approximately from RMB 92,000,000 to RMB 114,000,000	
Basic earnings per share	Estimated profit: approximately from RMB 0.20 to RMB 0.25	Profit: RMB 0.10

II Auditing of estimated results

The results estimates for the Reporting Period have not been audited.

III Reasons of changes in performance

1. During the Reporting Period, the Company had progressed in product techniques and reduced product costs.
2. The Company had grasped the opportunity of the market, actively exploited the market, and expanded of sales volume.

IV Other information

As the Company is still in the process of preparing the consolidated results of the Group for the Reporting Period, the information contained in this announcement is only based on the preliminary review and assessment by the Board of the consolidated management accounts of the Group and other information currently available, which have not been reviewed or audited by the Company's auditors. Detailed financial information of the Group will be disclosed in the announcement of the results of the Group for the Reporting Period.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

23 June 2017, Zibo, the People's Republic of China

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