



山東新華製藥股份有限公司

Shandong Xinhua Pharmaceutical Company Limited

(a joint stock limited company established in the People's Republic of China with limited liability)

(Stock Code : 0719)

THE FIRST QUARTER RESULTS OF 2008

(for the period commencing 1 January 2008 to 31 March 2008)

This Announcement is made in accordance with the disclosure requirement under rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the "Board of Directors" and "Directors" respectively) of Shandong Xinhua Pharmaceutical Company Limited (the "Company") hereby announces the unaudited first quarter results of 2008 for the 3 months ended 31 March 2008 of the Company and its subsidiaries ("Group"). 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 was 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 2008	As at 31 December 2007	
	Unaudited	Audited	Change
	RMB'000	RMB'000	%
Total assets	2,172,983	2,270,715	(4.30)
Shareholders' equity	1,543,388	1,665,961	(7.36)
Net assets per share(RMB)	3.37	3.64	(7.42)

	Jan.- Mar. 2008	Jan.- Mar. 2007	Change as compared to
	Unaudited	Unaudited	last year
	RMB'000	RMB'000	%
Profit attributable to the equity shareholders of the Parent company	12,549	9,724	29.06
Net cash flow from operating activities	(27,562)	5,289	(621.13)
Net cash flow from operating activities per share (RMB)	(0.06)	0.01	(700.00)
Basic earnings per share (RMB)	0.03	0.02	50.00
Diluted earnings per share (RMB)	0.03	0.02	50.00
Return on equity (%)	0.81	0.71	an increase of 0.10 percent
Return on equity after items extraordinary (Note) (%)	0.79	0.55	an increase of 0.24 percent

Note:

Extraordinary items include:

Item	Amount (RMB)
Profit or loss from disposal of non-current assets	63,050.02
Non-operating income or cost except items above	(684,282.88)
Change in fair value of held-for-trading financial assets	1,079,625.52
Income tax	(153,689.60)
Net non-routine profit or loss attributable to the minority shareholders	48,021.90
Total	352,724.96

2. PROFIT AND LOSS ACCOUNT

Item	Jan.- Mar. 2008		Jan.- Mar. 2007	
	Consolidated	Parent company	Consolidated	Parent company
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1. Total operating income	567,130	412,523	482,371	381,262
Include: Operating income	567,130	412,523	482,371	381,262
2. Total operating cost	551,080	400,147	470,256	367,273
Include: Operating cost	482,615	353,520	399,886	314,469
Operating tax and surcharge	1,868	1,430	2,817	2,685
Selling expenses	37,977	21,011	36,722	22,523
Administrative expenses	28,138	24,033	25,785	22,813
Financial expenses	482	153	5,046	4,783
Assets impairment	-	-	-	-
Add: Fair value change income	1,080	1,080	-	-
Investment income	325	325	1,718	1,718
Include: Investment income of related ventures and joint ventures	325	325	19	19
3. Operating profit	17,455	13,781	13,833	15,707
Add: Non-operating income	378	378	3,021	2,232
Less: Non-operating expenses	1,000	894	2,200	2,055
Include: Loss from the disposal of non-current assets	(63)	(63)	(913)	(983)
4. Profit before taxation	16,833	13,265	14,654	15,884
Less: income tax	3,702	3,255	3,191	2,394
5. Profit after taxation	13,131	10,010	11,463	13,490
Profit attributable to the equity shareholders of the Parent	12,549	10,010	9,724	13,490
Minority interest	582	-	1,739	-
6. Earnings per share				
1) Basic earnings per share(RMB)	0.03	0.02	0.02	0.03
2) Diluted earnings per share(RMB)	0.03	0.02	0.02	0.03

Shandong Xinhua Pharmaceutical Company Limited
By order of the Board of Directors
Guo Qin
Chairman

18 April 2008, Zibo, PRC

As at the date of this Announcement, the Board of Directors of the Company comprises:

Directors

Ms. Guo Qin (Chairman)

Mr. Liu Zhenwen

Mr. Ren Fulong

Mr. Zhao Songguo

Independent Non-executive Directors

Mr. Dai Qingjun

Mr. Xu Guojun

Mr. Sun Minggao