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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)

DESPATCH OF CIRCULAR IN RELATION TO
(1) PROPOSED NON-PUBLIC ISSUANCE OF NEW A SHARES;
(2) CONNECTED TRANSACTION IN RELATION TO THE PROPOSED
SUBSCRIPTION OF A SHARES BY HUALU INVESTMENT;
(3) APPLICATION FOR WHITEWASH WAIVER; AND
(4) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

References are made to (i) the announcement of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) dated 14 April 2021 in relation to, among other things, the Proposed A Shares Issue under the Specific Mandate, the A Shares Subscription Agreement, the Whitewash Waiver and the proposed amendments to the Articles of Association; and (ii) the announcement of the Company dated 3 May 2021 in relation to the delay in despatch of the Circular (as defined below). Unless otherwise indicated, terms used in this announcement shall have the same meanings as those defined in the Circular.

The Board is pleased to announce that a circular (the “**Circular**”) containing, among other things, (i) details of the Proposed A Shares Issue, the Specific Mandate, the Whitewash Waiver and the proposed amendments to the Articles of Association; (ii) a letter from the Code Independent Board Committee; (iii) a letter from the Listing Rules Independent Board Committee; (iv) a letter of advice from the Independent Financial Adviser; and (v) other information as required under the Takeovers Code and the Listing Rules, has been despatched to the Shareholders on 31 May 2021.

The AGM, the A Share Class Meeting and the H Share Class Meeting will be held at the conference room of the Company at No. 1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province, PRC on 30 June 2021, Wednesday. Details of the AGM and the H Shares Class Meeting are set out in the notice of the AGM and H Shares Class Meeting issued on 31 May 2021 which has been despatched together with the Circular on 31 May 2021.

The completion of the Proposed A Shares Issue is subject to the satisfaction of various conditions, including but not limited to, the grant of the Whitewash Waiver by the SFC which may or may not be granted. The granting of the Whitewash Waiver is a non-waivable condition precedent to the completion of the A Shares Subscription Agreement. Accordingly, the Proposed A Shares Issue may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and are recommended to consult their professional adviser if they are in any doubt about their position and as to actions they should take.

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

1 June 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

Independent Non-executive Directors:

Mr. Pan Guangcheng
Mr. Zhu Jianwei
Mr. Lo Wah Wai

Non-executive Directors:

Mr. Cong Kechun
Mr. Xu Lie

As at the date of this announcement, the directors of HHC include Mr. Fan Jun, Mr. Li Wei, Mr. Ding Zhenbo, Mr. Sun Youmin, Mr. Zhang Yuming, and Mr. Lou Hongxiang.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than those relating to HHC and parties acting in concert with it, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

The directors of HHC jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than those relating to the Company, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.