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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)

**ANNOUNCEMENT IN RELATION TO
THE APPROVAL OBTAINED FROM
THE CSRC FOR THE PROPOSED A SHARES ISSUE**

References are made to (i) the announcements and overseas regulatory announcements of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) dated 14 April 2021, 27 April 2021, 30 June 2021, 19 July 2021, 2 August 2021, 13 August 2021, 16 August 2021, 26 January 2022, 22 February 2022 and 7 March 2022, respectively; (ii) the circular of the Company dated 31 May 2021 (the “**Circular**”); and (iii) the poll results announcement of the Company dated 30 June 2021 concerning, among others, details of the Proposed A Shares Issue. Unless otherwise defined in this announcement, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

On 23 March 2022, the Company received the “Approval in relation to the Non-public Issuance of Shares by Shandong Xinhua Pharmaceutical Company Limited” (Zheng Jian Xu Ke [2022] No. 564 (《關於核準山東新華製藥股份有限公司非公開發行股票的批覆》(證監許可[2022] 564號)), the main content of which is set out as follows:

1. The Company’s non-public issuance of not more than 37,091,988 new A Shares has been approved. In the event where there are changes to the total share capital resulting from conversion of capital reserve, the number of Share to be issued under the Proposed A Shares Issue may be adjusted accordingly.
2. The Proposed A Shares Issue shall be implemented strictly in accordance with the application documents submitted to the CSRC by the Company.
3. The approval document shall remain valid for 12 months from the date of approval of issuance.
4. In the event that any material event happens to the Company during the period from the date of the approval to completion of the Proposed A Shares Issue, the Company shall promptly report to the CSRC and handle it in accordance with the relevant requirements.

The Board of the Company will handle matters related to the Proposed A Shares Issue within prescribed time limit and fulfil its disclosure obligations in a timely manner in accordance with applicable requirements of relevant laws and regulations, the approval document described above and the authorisation obtained at the relevant AGM and Class Meetings of the Company.

The Proposed A Shares Issue has not been completed. 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

23 March 2022, 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. Xu Lie
Mr. Cong Kechun