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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)

## COMPLETION OF 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, 7 March 2022 and 23 March 2022, respectively (collectively, the “**Announcements**”); (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.

The Board is pleased to announce that, on 7 April 2022, the Company has completed the Proposed A Shares Issue (involving the issue and allotment to, and subscription by, Hualu Investment of 37,091,988 A Shares) following completion of relevant registration and depositary procedures with the China Securities Depository and Clearing Co., Ltd. Shenzhen branch.

Upon completion of the Proposed A Shares Issue, the total number of issued and outstanding Shares of the Company increased from 632,535,247 Shares to 669,627,235 Shares, and the total number of A Shares of the Company increased from 437,535,247 A Shares to 474,627,235 A Shares.

## KEY INFORMATION ON THE PROPOSED A SHARES ISSUE

<b>Subscriber</b>	:	Hualu Investment Co., Ltd., a wholly-owned subsidiary of HHC, the controlling shareholder of the Company
<b>Class of Shares</b>	:	A Shares
<b>Nominal value per Share</b>	:	RMB 1.00
<b>Number of Shares issued</b>	:	37,091,988 A Shares, representing approximately 7.81% and 5.54% of the total number of issued A Shares and issued Shares, respectively, each on an enlarged basis after completion of the Proposed A Shares Issue
<b>Issue price per A Share</b>	:	RMB 6.74
<b>Gross proceeds</b>	:	RMB 249,999,999.12
<b>Costs of issuance (taking into</b>	:	RMB 5,633,588.91

**Net proceeds** : RMB 244,366,410.21

<b>Proposed use of proceeds</b>	: <ul style="list-style-type: none"> <li style="margin-bottom: 10px;">(i) Approximately RMB 104,366,410.21 will be used to supplement working capital of the Group (including, without limitation, for purchasing raw materials for production of chemical bulk drugs and preparations and settling increased production costs associated with increase in production capacity of the Group)</li> <li>(ii) Approximately RMB 140,000,000.00 will be used to repay interest-bearing liabilities of the Group</li> </ul>
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**Lock-up** : Hualu Investment shall not, and has undertaken not to, transfer the A Shares subscribed for under the Proposed A Shares Issue within 36 months from the date of completion of the Proposed A Shares Issue

Such lock-up arrangement shall also apply to any Shares derived from the A Shares subscribed by Hualu Investment under the Proposed A Shares Issue such as, without limitation, those derived from any distribution of stock dividend or any conversion of capital reserves to share capital

Details of the shareholding structure of the Company immediately before and after the completion of the Proposed A Shares Issue are set out below.

Shareholders	Immediately before the completion of the proposed A Shares Issue		Immediately after the completion of the proposed A Shares Issue		Immediately after the completion of the proposed A Shares Issue and exercise of all outstanding share options of the Company <sup>1</sup>	
	Number of Shares held	Approximate percentage of all issued Shares	Number of Shares held	Approximate percentage of all issued Shares	Number of Shares held	Approximate percentage of all issued Shares
A Shares:						
HHC	204,864,092	32.39%	204,864,092	30.59%	204,864,092	29.35%
Hualu Investment	4,143,168	0.66%	41,235,156	6.16%	41,235,156	5.91%
Public A Share Shareholders and Shareholders under the share option schemes of the Company (excluding Directors)	227,311,155	35.94%	227,311,155	33.95%	253,895,655	36.38%
Directors:						
Mr. Zhang Daiming	391,358	0.06%	391,358	0.06%	890,358	0.13%
Mr. Du Deping	332,468	0.05%	332,468	0.05%	781,568	0.11%
Mr. Xu Lie	229,014	0.04%	229,014	0.03%	621,614	0.09%
Mr. He Tongqing	263,992	0.04%	263,992	0.04%	656,592	0.09%
<b>Subtotal</b>	<b>437,535,247</b>	<b>69.17%</b>	<b>474,627,235</b>	<b>70.88%</b>	<b>502,945,035</b>	<b>72.06%</b>
H Shares:						
Well Bring	20,827,800	3.29%	20,827,800	3.11%	20,827,800	2.98%
Public H Share Shareholders	174,172,200	27.54%	174,172,200	26.01%	174,172,200	24.96%
<b>Subtotal</b>	<b>195,000,000</b>	<b>30.83%</b>	<b>195,000,000</b>	<b>29.12%</b>	<b>195,000,000</b>	<b>27.94%</b>
Total issued Shares:						

HHC and parties acting in concert with it (including Hualu Investment and Well Bring)	229,835,060	36.34%	266,927,048	39.86%	266,927,048	38.24%
Public Share Shareholders and Shareholders under the share option schemes of the Company (excluding Directors)	401,483,355	63.47%	401,483,355	59.96%	428,067,855	61.33%
Directors	1,216,832	0.19%	1,216,832	0.18%	2,950,132	0.42%
<b>Total number of Shares in issue</b>	<b>632,535,247</b>	<b>100%</b>	<b>669,627,235</b>	<b>100%</b>	<b>697,945,035</b>	<b>100%</b>

Note 1: Including all outstanding share options granted by the Company under the share option scheme of the Company in 2018 and 2021, respectively, as of the date of this announcement.

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

7 April 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. Cong Kechun  
Mr. Xu Lie

*As at the date of this announcement, the directors of HHC include Mr. Fan Jun, 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.*

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