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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)

RETIREMENT OF CHAIRMAN AND EXECUTIVE DIRECTOR

**APPOINTMENT OF CHAIRMAN OF THE BOARD AND GENERAL MANAGER
CHANGE OF AUTHORISED REPRESENTATIVE**

PROPOSED APPOINTMENT OF EXECUTIVE DIRECTORS

The board (the “**Board**”) of directors (“**Directors**”) of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”, together with its subsidiaries from time to time, the “**Group**”) announces that:

- (i) Mr. Zhang Daiming (“**Mr. Zhang**”) will retire and has tendered his resignation as an executive Director of the Company and the chairman of the Board, and will cease to be the chairman of the strategic development committee of the Board (the “**Strategic Development Committee**”), a member of the nomination committee of the Board (the “**Nomination Committee**”) and the authorised representative of the Company for the purpose of Rule 3.05 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (the “**Authorised Representative**”); and
- (ii) Mr. He Tongqing (“**Mr. He**”), being an executive Director, has been elected as the chairman of the Board and appointed as the Authorised Representative.

The abovementioned changes to the Board shall take effect from 19 September 2022.

- (iii) each of Mr. Xu Wenhui (“**Mr. Xu**”) and Mr. Hou Ning (“**Mr. Hou**”) have been nominated by the Board as candidate to be appointed as an executive Director, subject to obtaining approval of shareholders of the Company (the “**Shareholders**”) at the upcoming extraordinary general meeting of the Company (the “**EGM**”) to be held on or about 27 October 2022.

Mr. Xu, being a deputy general manager, has been elected as general manager of the Company with effect from 19 September 2022.

A circular containing details of the proposed appointment of Mr. Xu and Mr. Hou as executive directors of the Company, together with the notice of the EGM, will be despatched to the Shareholders in due course.

RETIREMENT OF CHAIRMAN AND EXECUTIVE DIRECTOR

The Board announces that Mr. Zhang Daiming tendered his resignation as an executive Director and the chairman of the Board with effect on 19 September 2022. Mr. Zhang will also cease to be the chairman of the Strategic Development Committee, a member of the Nomination Committee and the Authorised Representative.

Mr. Zhang joined the Group in 1987 and has served the Group diligently in various roles and positions before becoming the chairman of the Board in September 2010. Mr. Zhang informed the Board that his resignation was due to his plan to retire. The Board would like to express its sincere gratitude to Mr. Zhang for his invaluable contribution and service to the Company during his tenure of office.

Mr. Zhang confirmed that he has no disagreement with the Board and that there is no matter concerning his resignation that would need to be brought to the attention of the Shareholders.

Following the resignation of Mr. Zhang, the number of members of the Nomination Committee and the Strategic Development Committee, respectively, will be lower than the required numbers in accordance with the respective terms of reference of these committees. The Board will nominate suitable candidates to fill the vacancy of these committees as soon as practicable.

APPOINTMENT OF CHAIRMAN OF THE BOARD AND CHANGE OF AUTHORISED REPRESENTATIVE

Upon the approval by a resolution of the Board, Mr. He Tongqing, an executive Director, has been elected as the successor to the chairman of the Board as well as the Authorised Representative with effect from 19 September 2022.

Mr. He Tongqing, aged 53, is a senior economist. He graduated from the Shandong Polytechnic University, specialising in materials science and engineering and obtained a Master of Business Administration (MBA) from Shandong University. Mr. He joined Shandong Xinhua Pharmaceutical Factory in 1991 and has worked in various positions within the Group (including as workshop technician, planner, sales officer, regional manager, manager of the drug department, marketing director and the general manager of Shandong Zibo XinCat Pharmaceutical Co., Ltd) for over 30 years. Mr. He was elected as a Director on 22 December 2020 and is currently an executive Director, a deputy general manager of the Company, the chairman of Shandong Xinhua Health Technology Co., Ltd, respectively, and an executive director of Zibo Xinhua Pharmacy Chain Co., Ltd., Shandong Xinhua Pharmaceutical Trade Co., Ltd., Shandong Zibo XinCat Pharmaceutical Co., Ltd and Xinhua Pharmaceutical (Gaomi) Co., Ltd, respectively.

Mr. He will not enter into a new director service agreement with the Company in relation to his proposed appointment as chairman of the Board, and the terms of his existing director service agreement with the Company will remain unchanged.

As of the date of this announcement, Mr. He has declared that he holds 110,550 A shares of the Company (“**A Shares**”) and is also interested in (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”) 72,600 A Shares and 320,000 A Shares in respect of options granted to him which remain unvested under the 2018 share option scheme and the 2021 share option scheme of the Company, respectively.

Mr. He has confirmed that, save as disclosed above, as of the date of this announcement, (i) he does not have any relationship with any other Directors, senior management, substantial shareholders, or controlling shareholders (as defined in the Listing Rules) of the Company; (ii) save as disclosed above, he does not have, and is not deemed to have, any other interest in the shares of the Company within the meaning of Part XV of the SFO; (iii) he does not hold other positions with the Company or other members of the Group; and (iv) he does not hold any other directorships in the last three years in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. He has confirmed that, save as disclosed above, there is no other information relating to his appointment

that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and the Company is not aware of any other matters in relation to his appointment o that is required to be brought to the attention of the Shareholders.

PROPOSED APPOINTMENT OF EXECUTIVE DIRECTORS AND GENERAL MANAGER

Upon recommendation of the Nomination Committee and the obtaining of approval by resolution of the Board, the Board has resolved to nominate each of Mr. Xu Wenhui and Mr. Hou Ning as candidates to be appointed as an executive Director for a term concurrent with the tenth session of the Board (the “**Tenth Session of the Board**”) until 22 December 2023.

In addition, upon the approval by a resolution of the Board, Mr. Xu Wenhui has been elected as general manager of the Company with effect from 19 September 2022 for a term concurrent with the Tenth Session of the Board until 22 December 2023.

Pursuant to the articles of association of the Company and the Company Law of the People’s Republic of China, the appointment of Mr. Xu and Mr. Hou to the Board shall be subject to, and shall take effect upon, the obtaining of approval of the Shareholders by way of ordinary resolution at the EGM.

Mr. Xu Wenhui, aged 46, is a senior engineer and currently a senior officer of the Company. He graduated from Tianjin University with a major in chemical engineering. Mr. Xu joined the Group in 1999 and has served in various positions including as a workshop assistant engineer, deputy secretary of the Youth League Committee, workshop secretary and deputy director, deputy manager and manager of the production and operation department of Xinhua Pharmaceutical (Shouguang) Company Limited (“**Shouguang Company**”), and the assistant to the general manager of the Company and manager of Shouguang Company, respectively. Mr. Xu is currently a deputy general manager of the Company and the executive director of Shandong Wanbo Chemical Co., Ltd., the chairman of Shouguang Company and Shandong Tongxin Pharmaceutical Co., Ltd.

Mr. Hou Ning, aged 49, is a senior account and senior economist and is currently a senior officer of the Company. Mr. Hou holds a master’s degree in applied accounting and finance from the Hong Kong Baptist University. He has served as deputy head of Auditing Division of Shandong Hualu Hengsheng Chemical Co., Ltd. head of audit department, head of investment department of Technological Development Centre, manager of marketing department and manager of finance department of Shandong Hualu-Hengsheng Chemical Co., Ltd. Mr. Hou currently serves as chief financial officer of the Company and a director of each of Zibo Xinhua – Perrigo Pharmaceutical Co., Ltd. and Shandong Tongxin Pharmaceutical Co., Ltd., respectively.

Mr. Xu Wenhui's current basic salary as a deputy general manager of the Company is RMB316,000. Mr. Xu will not enter into a new service agreement in relation to his role as the general manager of the Company and the terms of his existing senior management service agreement with the Company will remain unchanged. Subject to the obtaining of shareholders’ approval of Mr. Xu's appointment as an executive director at the EGM, the Company will enter into a new service agreement with Mr. Xu, pursuant to which Mr. Xu's proposed remuneration as an executive director and general manager of the Company for the financial year 2022 will be the same as his current basic salary, which will remain at RMB316,000.

Mr. Hou Ning’s current basic salary as a financial controller of the Company is RMB316,000. Subject to the obtaining of shareholders’ approval of Mr. Hou's appointment as an executive director at the EGM, the Company will enter into a new service agreement with Mr. Hou, pursuant to which Mr. Hou's proposed remuneration as an executive director and financial controller of the Company for the financial year 2022 will be the same as his current basic salary, which will remain at RMB316,000.

The respective salaries of Mr. Xu Wenhui and Mr. Hou Ning will be paid based on the performance assessment method and the final performance assessment results. For details of the remuneration, please refer to the annual report to be issued by the Company in due course. The respective remuneration of Mr. Xu Wenhui and Mr. Hou Ning were determined with reference to the remuneration of other executive Directors, the level of

responsibility, experience and competence required of their respective positions within the Group, and remuneration offered for similar positions in the industry.

As of the date of this announcement:

- (i) Mr. Xu beneficially holds 80,400 A Shares and is also interested in (within the meaning of Part XV of the SFO) 52,800 A Shares and 320,000 A Shares in respect of options granted to him which remain unvested under the 2018 share option scheme and the 2021 share option scheme of the Company, respectively; and
- (ii) Mr. Hou beneficially holds 147,400 A Shares and is also interested in (within the meaning of Part XV of the SFO) 72,600 A Shares and 320,000 A Shares in respect of options granted to him which remain unvested under the 2018 share option scheme and the 2021 share option scheme of the Company, respectively.

Each of Mr. Xu and Mr. Hou has confirmed that, save as disclosed above, as of the date of this announcement, (i) he does not have any relationship with any other Directors, senior management, substantial shareholders, or controlling shareholders of the Company; (ii) save as disclosed above, he does not have, and is not deemed to have, any interest in the shares of the Company within the meaning of Part XV of the SFO; (iii) he does not hold other positions with the Company or other members of the Group; and (iv) he does not hold any other directorships in the last three years in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Each of Mr. Xu and Mr. Hou has confirmed that, save as disclosed above, there is no other information relating to the aforesaid appointment that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and the Company is not aware of any other matters in relation to their appointments that is required to be brought to the attention of the Shareholders.

A circular containing details of the proposed appointment of Mr. Xu and Mr. Hou as executive directors of the Company, together with the notice of the EGM, will be despatched to the Shareholders in due course.

The Company believes that the above change to the management team of the Company will not materially affect the ordinary and usual course of business and operations of the Group.

By Order of the Board
Shandong Xinhua Pharmaceutical Company Limited
He Tongqing
Chairman

19 September 2022, Zibo, PRC

As at the date of this announcement, the Board comprises:

Executive Directors:
Mr. He Tongqing (Chairman)

Independent Non-executive Directors:
Mr. Pan Guangcheng
Mr. Zhu Jianwei
Mr. Lo Wah Wai

Non-executive Directors:
Mr. Xu Lie
Mr. Cong Kechun