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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 ON ABSORPTION AND MERGER OF WHOLLY-OWNED SUBSIDIARY

On 29 October 2024, the Resolution on the Absorption and Merger of Ronghua (Zibo) Property Services Co., Ltd (《關於吸收合併榮華(淄博)物業服務有限公司的議案》) has been considered and approved at the fifth meeting of the eleventh session of the board of directors of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”). Below is a summary of relevant details:

I. TRANSACTION OVERVIEW

Ronghua (Zibo) Property Services Co., Ltd (“**Ronghua (Zibo)**”) (formerly known as Xinhua (Zibo) Real Estate Co., Ltd) is a wholly-owned subsidiary of the Company. In order to further improve the Company's management structure, enhance operation efficiency, reduce internal transactions and lower management cost, the Company proposed to absorb and merge with Ronghua (Zibo) in accordance with the *Company Law of the People's Republic of China* (the “**Company Law**”) and the requirements of the articles of association of the Company (the “**Articles of Association**”) (the “**Absorption and Merger**”).

The Absorption and Merger does not constitute a related party transaction or connected transaction, nor does it constitute a material asset reorganization under the *Administrative Measures for the Material Asset Reorganizations of Listed Companies* (《上市公司重大資產重組管理辦法》). According to applicable laws and regulations, including the Company Law, and the Articles of Association, the Absorption and Merger is not required to be submitted for consideration and approval by shareholders of the Company at a general meeting.

II. BASIC INFORMATION OF THE MERGING PARTY

Name of the enterprise:	Shandong Xinhua Pharmaceutical Company Limited
Address of the enterprise:	Zibo High-tech Industrial Development Zone Chemical Zone
Type of the enterprise:	Company limited by shares (Taiwan-Hong Kong-Macao and Domestic joint venture, listed company)
Date of establishment:	20 th November 1998

Legal representative:	He Tongqing (賀同慶)
Registered capital:	RMB 682,407,635
Unified social credit code:	91370300164103727C
Scope of business:	Manufacture, wholesale and retail of western medicines, chemical raw materials, food additives, health food, solid beverages, veterinary drugs, fish oil, pharmaceutical equipment, pharmaceutical testing instruments and meters; self-developed development projects, technology transfer, services, technical consulting, technical training; wholesale and retail of Chinese herbal medicines, traditional Chinese medicine, Chinese medicine, medical devices (I, II, III), contact lenses and care solutions, test strips (agents), health food , mother/baby products, dairy products (including infant formula), cosmetics, detergents, prepackaged food, bulk food, general merchandise, primary agricultural products, seafood, adult birth control products; the sale of chemical raw materials, chemical products, chemical reagents, pharmaceutical intermediates (the above three do not include dangerous, easy-to-control toxic chemicals); import and export business; warehousing services (excluding hazardous goods); Internet information consulting and Services; e-commerce agency operations (projects that must be approved legally can be carried out after approval from relevant authorities).
Number of employees:	As of 30 September 2024, there were 7,327 employees.

III. BASIC INFORMATION OF THE MERGED PARTY

Name of the enterprise:	Ronghua (Zibo) Property Services Co., Ltd (former name: Xinhua (Zibo) Real Estate Co., Ltd)
Address of the enterprise:	Chemical Zone, High-tech Industrial Development Zone, High-tech Zone, Zibo City, Shandong Province (North of Thermal Power Plant, Hutian Town, Zhangdian District)
Type of the enterprise:	Limited liability company (wholly owned by legal persons not invested or controlled by natural persons)
Date of establishment:	21 st December 2010
Legal representative:	Wei Changsheng (魏長生)
Registered capital:	RMB 20 million
Unified social credit code:	91370303567705933M
Scope of business:	Property management; car park services; landscaping construction; daily living services for residents; social and economic consulting services; information consulting services

(excluding licensed information consulting services); professional cleaning, washing and disinfecting services; information technology consulting services; business management consulting; housing leasing; leasing of non-residential real estate; housekeeping services; sales of daily necessities; data processing and storage support services; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; Internet sales (except for the sale of goods requiring licensing); ticketing agency services. (In addition to projects subject to approval by law, with a business licence to carry out business activities independently in accordance with the law) Permitted projects: construction project construction; construction labor subcontracting; construction project design; sewage treatment and its recycling; real estate development and operation; food sales; municipal rubbish business services. (projects that must be approved legally can be carried out after approval from relevant authorities, the specific business projects are subject to the approval documents or licences of the relevant departments)

Number of employees: As of 30 September 2024, there were 11 employees.

Financial information of Ronghua (Zibo) for the most recent year and period is as follows:

	January to December 2023 <i>(audited)</i>	January to September 2024 <i>(unaudited)</i>
	As of 31 December 2023 <i>(audited)</i>	As of 30 September 2024 <i>(unaudited)</i>
Operating revenue	6,350	2,501
Net profit/(net loss)	(8,073)	(1,401)
Total assets	98,155	96,193
Net assets	94,025	92,624

IV. METHOD, SCOPE AND RELATED ARRANGEMENTS OF THE ABSORPTION AND MERGER

1. Method of the Absorption and Merger: the Company will merge all assets, liabilities, interests and business of Ronghua (Zibo) by way of absorption and merger. The relevant assets and ownership registrations will be taken over or assumed by the Company.
2. Upon completion of the Absorption and Merger, all employees of Ronghua (Zibo) will be retained by the Company, and job arrangements will be made in accordance with the actual business needs. The Absorption and Merger will not prejudice the legitimate rights and interests of existing employees.

3. The Absorption and Merger is a merger by absorption between a parent company and a subsidiary. Upon completion of the Absorption and Merger, the name and registered capital of the Company shall remain unchanged and Ronghua (Zibo) will be deregistered.
4. In accordance with the requirements of applicable laws and regulations, each party under the Absorption and Merger will be required to prepare balance sheets and list of properties, complete necessary procedures (such as, without limitation, deregistration of Ronghua (Zibo), notifying creditors and making necessary public announcements), handle assets transfer as well as matters concerning taxation, industrial and commercial deregistration as well as other procedures as required by the applicable laws, regulations and regulatory requirements.

V. AUTHORISATION FOR MATTERS RELATED TO THE ABSORPTION AND MERGER

According to the Company Law and the Articles of Association, the Absorption and Merger is not required to be submitted for consideration and approval by shareholders of the Company at a general meeting. The board of directors of the Company has authorised the management of the Company to take charge of all matters required to be undertaken concerning the implementation and execution of the Absorption and Merger including, without limitation, as applicable, transfer of related assets, relocation of personnel, change in industrial and commercial registration, cancellation of registration and other matters. The authorisation shall be valid from the date of approval of the Absorption and Merger at the relevant board meeting up to the date of completion of the Absorption and Merger.

VI. PURPOSE ON THE ABSORPTION AND MERGER AND IMPACT ON THE COMPANY

The Absorption and Merger is beneficial to the Company in further improving its management structure, enhancing operation efficiency, reducing management cost, and is in line with the development strategy of the Company. Ronghua (Zibo) is currently a wholly-owned subsidiary of the Company. Its operations and business are mainly derived from the Company and its financial statements are already consolidated into the consolidated statements of the Company. The Absorption and Merger is an internal equity integration matter, which does not have any impact on the financial position and operating results of the Company and will not impair the interests of the Company or its shareholders as a whole.

The Absorption and Merger does not involve any change in the name, registered capital or shareholding structure of the Company. The composition of the board of directors, supervisory committee and senior management of the Company shall remain unchanged.

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

29 October 2024, 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. Xu Wenhui
Mr. Hou Ning

Mr. Zhu Jianwei
Mr. Ling Peixue
Ms. Cheung Ching Ching, Daisy

Non-executive Directors:

Mr. Xu Lie
Mr. Zhang Chengyong

In this announcement, the English names of the PRC entities or individuals are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.