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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 incorporated in the People's Republic of China with limited liability)

(Stock Code: 00719)

INSIDE INFORMATION ANNOUNCEMENT

ENTERING INTO ACQUISITION LETTER OF INTENT IN RELATION TO THE ACQUISITION OF A COMPANY

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is pleased to announce that, in order to improve the industrial and supply chain of the Group and to promote the high-quality development of the comprehensive health sector, the Company and the Vendor has entered into the Acquisition Letter of Intent on 9 December 2024 (after trading hours) pursuant to which the Company agrees to acquire, and the Vendor agrees to sell, not more than 75% of equity interests of the Target Company. Upon completion of the Proposed Transaction, the Target Company will become a holding subsidiary of the Company that will be consolidated into the financial statements of the Group.

Shareholders and potential investors of the Company should note that the Proposed Transaction, including its terms, is subject to due diligence, audit and assessment on the Target Company as well as negotiation, finalisation and entering into of formal definitive agreement(s). Accordingly, the Proposed Transaction may or may not proceed. The Company will provide further details on progress and developments in connection with the Proposed Transaction in compliance with information disclosure requirements of the Listing Rules in due course. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

1. THE ACQUISITION LETTER OF INTENT

The Board is pleased to announce that, in order to improve the supply chain of the Group and to promote the high-quality development of the comprehensive health sector, the Company and the Vendor entered into the Acquisition Letter of Intent on 9 December 2024 (after trading hours) pursuant to which the Company agrees to acquire, and the Vendor agrees to sell, not more than 75% of the equity interests of the Target Company. Upon completion of the acquisition, the Target Company will become a direct wholly-owned subsidiary of the Company that will be consolidated into its financial statements.

Material terms of the Acquisition Letter of Intent is summarised below:

Buyer: Shandong Xinhua Pharmaceutical Company Limited (i.e. the Company)

Vendor: NovoSana (Europe) B.V.

Subject matter: The Company agrees to acquire, and the Vendor agrees to sell, not more than

75% in the equity interests of NovoSana (Taicang) Co., Ltd. (挪亞聖諾(太倉) 生物科技有限公司) (i.e. the Target Company)

Exclusivity: The Vendor and the Target Company undertakes not to, except with the prior written consent of the Company, during the Exclusivity Period, discuss, negotiate, solicit or enter into any agreement or document with any person (other than the Company) relating to the sale, offer transfer or disposal of, without limitation, all or any equity interests, assets, business or projects of the Target Company, or enter into any other document with the same or materially similar effect as that as contemplated by the Acquisition Letter of Intent.

Termination: The Proposed Transaction shall be terminated upon the occurrence of any of the following circumstances prior to entering into of a formal sales and purchase agreement:

- (i) the Company and the Vendor fails to reach an agreement on remedial actions that are required to be taken to ratify issues concerning the Target Company identified over the due diligence process following entering into of the Acquisition Letter of Intent;
- (ii) the Proposed Transaction should be terminated due to (a) the Company and its advisers forming the view that the Proposed Transaction do not fulfil the conditions for the acquisition to proceed; or (b) the Company and the Vendor are unable to reach an agreement to finalise a definitive sale and purchase agreement; or
- (iii) the Company and the Vendor are unable to reach an agreement on the valuation of the Target Company or terms of the Proposed Transaction following the completion of the due diligence and review by the Company subsequent to the entering into of the Acquisition Letter of Intent.

2. REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION LETTER OF INTENT

The diversified market demand for fish oil products continues to maintain a high growth rate in the PRC, buoyed by increasing national health needs. Through the partial acquisition of the Target Company, the Company plans to accelerate its involvement in the fish oil sector with a view to enhance its fish oil products supply chain as soon as possible.

The Target Company is a leading enterprise in China's Omega-3 nutritional oil refining and manufacturing industry, and has accumulated extensive industrial resources (ranging from international trade of fish oil to domestic independent production and processing) and possesses industry-leading production technology and production control standards. It is believed that the fish oil operations of the Target Company and the Company are highly complementary and synergistic, that the Proposed Transaction is alignment with the Company's strategic planning and focus on the general health sector, and will facilitate the extension of the Company's industrial and supply chain.

If the Proposed Transaction is completed, synergies will be realised through subsequent resource integration and empowerment, which will further enhance the Company's overall operating efficiency and market competitiveness in the fish oil industry.

3. GENERAL INFORMATION

The Company is a joint stock limited company incorporated in the PRC the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and Shenzhen Stock Exchange respectively. The Company is principally engaged in the development, manufacture and sale of bulk pharmaceuticals,

preparations and chemical products. The ultimate beneficial owner of the Company is the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council of the Shandong Province.

The Vendor is a private company incorporated in the Netherlands and is principally engaged in providing and supplying high-quality Omega-3 ingredients to health care, food and beverages and animal nutrition industries.

The Target Company is incorporated in the PRC and is a wholly-owned subsidiary of the Vendor. It is principally engaged in developing and producing food and food additives (including animal and vegetable oils and fatty acid extracts), selling self-produced products, and engaging in the wholesale, import, and export of food and food additives (excluding state-owned trade management commodities and those requiring quota and license management), in accordance with relevant national regulations. Additionally, it provides international trade consulting and agency services.

To the best of the directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and the Target Company and their respective ultimate beneficial owners are independent third parties of the Group.

4. RISK WARNING

Shareholders and potential investors of the Company should note that the Proposed Transaction, including its terms, is subject to due diligence, audit and assessment on the Target Company as well as negotiation, finalisation and entering into of formal definitive agreement(s). Accordingly, the Proposed Transaction may or may not proceed. The Company will provide further details on progress and developments in connection with the Proposed Transaction in compliance with information disclosure requirements of the Listing Rules in due course. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context otherwise requires:

“A Share”	the domestic Shares of the Company which are listed on Shenzhen Stock Exchange and traded and denominated in RMB, with a nominal value of RMB1.00 each
“Acquisition Letter of Intent”	the Acquisition Letter of Intent entered into between the Company and the Vendor in relation to the Proposed Transaction, details of which are disclosed in this announcement
“Company”	Shandong Xinhua Pharmaceutical Company Limited, a joint stock limited company incorporated in the PRC, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange (stock code: 00719) and the Shenzhen Stock Exchange (stock code: 000756) respectively
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Exclusivity Period”	the date commencing on the date of entering into of the Acquisition Letter of Intent (i.e. 9 December 2024) and expiring on the earlier of the following dates or such later date as may be agreed in writing between the Company and the Vendor: (i) the date falling four (4) calendar months from the date of the

Acquisition Letter of Intent;

- (ii) the date on which a formal sales and purchase agreement is entered into in connection with the Proposed Transaction; and
- (iii) the date on which the Proposed Transaction is terminated.

“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share”	H shares of the Company listed on Hong Kong Stock Exchange and traded and denominated in Hong Kong dollar, with a nominal value of RMB1.00 each
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“independent third par(ties)”	a person or persons or a company or companies that is not or are not connected person(s) of the Group
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as may be amended, supplemented or modified from time to time
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Transaction”	the transaction as contemplated under the Acquisition Letter of Intent
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the holders of Shares
“Share(s)”	A Share(s) and/or H Share(s)
“Target Company”	NovoSana (Taicang) Co., Ltd. (挪亞聖諾(太倉)生物科技有限公司), a private limited liability company and wholly foreign-owned enterprise incorporated in the PRC that is currently a direct wholly-owned subsidiary of the Vendor
“Vendor”	NovoSana (Europe) B.V.(挪亞聖諾(歐洲)公司), a company incorporated in the Netherlands

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

9 December 2024, Zibo, the PRC

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

Executive Directors:

Mr. He Tongqing (Chairman)
Mr. Xu Wenhui
Mr. Hou Ning

Non-executive Directors:

Mr. Xu Lie
Mr. Zhang Chengyong

Independent Non-executive Directors:

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