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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)

### UNUSUAL PRICE AND TRADING VOLUME MOVEMENTS

The board (the “**Board**”) of directors of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) has noted recent material increase in price and trading volume of the shares of the Company on The Stock Exchange of Hong Kong Limited. Having made such enquiries with respect to the Company as is reasonable in the circumstances, the Board confirms that, save as disclosed below, it is not aware of any reason for these share price or trading volume movements, and it is not aware of any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

It has recently come to the attention of the Board that various researchers from the University of Cambridge have published an article (the “**Article**”) on the “Nature” magazine on 5 December 2022 titled “*FXR inhibition may protect from SARS-CoV-2 infection by reducing ACE2*” which notes that the off-patent drug ursodeoxycholic acid (“**UDCA**”), being a drug targeted known for the treatment of liver disease, may be effective in reducing susceptibility to SARS-COV-2 infection (commonly known as COVID-19).

While the Group has obtained the necessary approvals from the National Medical Products Administration (“**NMPA**”) of the Peoples’ Republic of China (the “**PRC**”) since June 2022 to market and sell the USDA drug for the treatment of cholesterol gallstones in the PRC, the Company would like to clarify that (i) neither the Article nor relevant research associated with the Article was commissioned by the Group; (ii) the Group has not to date commercialised or sold any UDCA drug to the market; and (iii) the proposed UDCA drug to be produced by the Group is intended for the treatment of cholesterol gallstones.

The Company is perusing, evaluating and assessing the implications of the Article and may, if and when appropriate, publish further announcement(s).

This announcement is made by the order of the Board. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

7 December 2022, 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. Cong Kechun

Independent non-executive Directors:

Mr. Pan Guangcheng

Mr. Zhu Jianwei

Mr. Lo Wah Wai

Mr. Ling Peixue