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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO ANNUAL
 REPORT FOR THE YEAR ENDED 31 DECEMBER 2022**

Reference is made to the annual report of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2022 published on 20 April 2023 (the “**2022 Annual Report**”). Unless otherwise specified, the capitalised terms used in this supplemental announcement shall have the meaning as those defined in the 2022 Annual Report.

Further to the disclosures made in the 2022 Annual Report, the Company wishes to clarify and supplement additional information in respect of the share option incentive plans of the Company. The tabular summary of the Company’s share option incentive plans (as originally appearing on page 115 of the 2022 Annual Report) is supplemented by the following summaries.

1. Summary of the movements of share options of the Company during the year ended 31 December 2022 in relation to the 2018 A Share Option Incentive Plan:

Grantees	Position	Outstanding share options as at beginning of Reporting Period (Note 1)			No. of share options granted during Reporting Period	No. of share options vested during Reporting Period (Note 3)	No. of share options exercised during Reporting Period (Note 4)	No. of share options cancelled during Reporting Period	No. of exercisable share options at end of Reporting Period	No. of unvested share options at end of Reporting Period
		Number	Vesting period	Exercise period (Note 2)						
He Tongqing	Chairman	145,200	28/12/18 – 28/12/22	29/12/20 – 28/12/23	0	145,200	72,600	0	72,600	0
Xu Wenhui	Executive Director & General Manager	105,600	28/12/18 – 28/12/22	29/12/20 – 28/12/23	0	105,600	52,800	0	52,800	0
Xu Lie	Non-executive Director	145,200	28/12/18 – 28/12/22	29/12/20 – 28/12/23	0	145,200	72,600	0	72,600	0
Hou Ning	Executive Director & Financial Controller	145,200	28/12/18 – 28/12/22	29/12/20 – 28/12/23	0	145,200	72,600	0	72,600	0
Zhang Daiming	Former Chairman	198,000	28/12/18 – 28/12/22	29/12/20 – 28/12/23	0	198,000	99,000	0	99,000	0
Du Deping	Former Executive Director & General Manager	178,200	28/12/18 – 28/12/22	29/12/20 – 28/12/23	0	178,200	89,100	0	89,100	0

Zheng Zhonghui	Deputy General Manager	145,200	28/12/18 – 28/12/22	29/12/20 - 28/12/23	0	145,200	72,600	0	72,600	0
Wei Changsheng	Deputy General Manager	105,600	28/12/18 – 28/12/22	29/12/20 - 28/12/23	0	105,600	52,800	0	52,800	0
Liu Xuesong	Deputy General Manager	46,200	28/12/18 – 28/12/22	29/12/20 - 28/12/23	0	46,200	23,100	0	23,100	0
KouZuxing	Deputy General Manager	46,200	28/12/18 – 28/12/22	29/12/20 - 28/12/23	0	46,200	23,100	0	23,100	0
Cao Changqiu	Secretary to the Board	105,600	28/12/18 – 28/12/22	29/12/20 - 28/12/23	0	105,600	52,800	0	52,800	0
Wang Xiaolong	Former Deputy General Manager	145,200	28/12/18 – 28/12/22	29/12/20 - 28/12/23	0	145,200	72,600	0	72,600	0
Du Deqing	Former Deputy General Manager	145,200	28/12/18 – 28/12/22	29/12/20 - 28/12/23	0	145,200	72,600	0	72,600	0
Subtotal		1,656,600			0	1,656,600	828,300	0	828,300	0
Other employee participants		9,035,400	28/12/18 – 28/12/22	29/12/20 - 28/12/23	0	9,035,400	4,339,500	356,400	4,339,500	0
Total		10,692,000			0	10,692,000	5,167,800	356,400	5,167,800	0

Notes:

1. *All of the share options under the 2018 A Share Option Incentive Plan were granted on 28 December 2018 with an exercise price of RMB5.98 per A share. These share options have vesting periods of 24 months, 36 months and 48 months from the date of grant respectively.*
2. *All of the share options under the 2018 A Share Option Incentive Plan are exercisable in three tranches from expiry of 24 months from the date of the grant:*
 - (a) *34% the options granted may be exercised during the first exercise period, commencing from the first trading day after the expiry of the 24th month from the date of grant, and ending on the last trading day of the 36th month from the date of grant (i.e. from 29 December 2020 to 28 December 2021);*
 - (b) *33% the options granted may be exercised during the second exercise period, commencing from the first trading day after the expiry of the 36th month from the date of grant, and ending on the last trading day of the 48th month from the date of grant (i.e. from 29 December 2021 to 28 December 2022); and*
 - (c) *33% the options granted may be exercised during the third exercise period, commencing from the first trading day after the expiry of the 48th month from the date of grant, and ending on the last trading day of the 60th month from the date of grant (i.e. from 29 December 2022 to 28 December 2023).*
3. *All the share options granted to grantees were vested during the Reporting Period and there were no unvested share options at the end of the Reporting Period. The weighted average closing price of A share of the Company on the Shenzhen Stock Exchange immediately before the date of the share options were vested was RMB11.28 per A share (28 December 2021) and RMB32.67 (28 December 2022) respectively.*
4. *The share options were exercised by the relevant grantees at the exercise price of RMB5.61 per A share, and the weighted average closing price of A share of the Company on the Shenzhen Stock Exchange immediately before the date of the share options were exercised was RMB10.80 per A share.*
5. *There was no individual participant with options granted or to be granted in excess of 1% of the total issued share capital of the Company and there was no related entity participant or service provider with options granted or to be granted in any 12-month period exceeding 0.1% of the issued share capital of the Company.*
6. *No share options under the 2018 A Share Option Incentive Plan had lapsed during the Reporting Period.*

2. Summary of the movements of share options of the Company during the year ended 31 December 2022 in relation to the 2021 A Share Option Incentive Plan:

Grantees	Position	Outstanding share options as at beginning of Reporting Period (Note 1)			Share options granted during the Reporting Period (Note 2)			No. of share options vested during Reporting Period (Notes 2 & 5)	No. of share options exercised during Reporting Period (Note 5)	No. of share options cancelled during Reporting Period	No. of unvested share options at end of Reporting Period
		Number	Vesting period (Note 3)	Exercise period (Note 4)	Number	Vesting period (Note 3)	Exercise period (Note 4)				
He Tongqing	Chairman	320,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	0	N/A	N/A	0	0	0	320,000
Xu Wenhui	Executive Director & General Manager	320,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	0	N/A	N/A	0	0	0	320,000
Xu Lie	Non-executive Director	320,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	0	N/A	N/A	0	0	0	320,000
Hou Ning	Executive Director & Financial Controller	320,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	0	N/A	N/A	0	0	0	320,000
Zhang Daiming	Former Chairman	400,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	0	N/A	N/A	0	0	0	400,000
Du Deping	Former Executive Director & General Manager	360,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	0	N/A	N/A	0	0	0	360,000
Zheng Zhonghui	Deputy General Manager	320,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	0	N/A	N/A	0	0	0	320,000
Wei Changsheng	Deputy General Manager	320,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	0	N/A	N/A	0	0	0	320,000
Liu Xuesong	Deputy General Manager	200,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	0	N/A	N/A	0	0	0	200,000
KouZuxing	Deputy General Manager	150,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	0	N/A	N/A	0	0	0	150,000
Cao Changqiu	Secretary to the Board	200,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	0	N/A	N/A	0	0	0	200,000
Wang Xiaolong	Former Deputy General Manager	320,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	0	N/A	N/A	0	0	0	320,000
Du Deqing	Former Deputy General Manager	320,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	0	N/A	N/A	0	0	0	320,000
Subtotal		3,870,000						0	0	0	3,870,000
Other employee participants		19,280,000	31/12/23 – 31/12/25	01/01/24 – 31/12/26	1,750,000	26/12/24 – 26/12/26	27/12/24 – 26/12/27	0	0	0	21,030,000
Total		23,150,000						0	0	0	24,900,000

Notes:

1. *The unvested share options under the 2021 A Share Option Incentive Plan at the beginning and end of the Reporting Period were granted on 31 December 2021 with an exercise price of RMB7.96 per A share.*
2. *1.75 million share options were granted under the 2021 A Share Option Incentive Plan during the Reporting Period on 26 December 2022 to certain employee participants with an exercise price of RMB37.53 per A share. The fair value of the 1.75 million share options at the date of grant was RMB14.67 per A share. The closing price of A share of the Company on the Shenzhen Stock Exchange on the last trading day (i.e. 23 December 2022) before the grant of the share options on 26 December 2022 was RMB36.17 per A share. The exercise of share options is subject to various conditions, including but not limited to the meeting or ascertaining of certain performance targets, details of which are set out in the circular of the Company dated 15 December 2021.*
3. *All of the share options under the 2021 A Share Option Incentive Plan have vesting periods of 24 months, 36 months and 48 months from the date of grant respectively.*
4. *The share options under the 2021 A Share Option Incentive Plan are exercisable in three tranches from expiry of 24 months from the date of the grant:*
 - (a) *34% the options granted may be exercised during the first exercise period, commencing from the first trading day after the expiry of the 24th month from the date of grant, and ending on the last trading day of the 36th month from the date of grant.*
 - (b) *33% the options granted may be exercised during the second exercise period, commencing from the first trading day after the expiry of the 36th month from the date of grant, and ending on the last trading day of the 48th month from the date of grant; and*
 - (c) *33% the options granted may be exercised during the third exercise period, commencing from the first trading day after the expiry of the 48th month from the date of grant, and ending on the last trading day of the 60th month from the date of grant.*
5. *There was no individual participant with options granted or to be granted in excess of 1% of the total issued share capital of the Company and there was no related entity participant or service provider with options granted or to be granted in any 12-month period exceeding 0.1% of the issued share capital of the Company.*
6. *No share options under the 2021 A Share Option Incentive Plan had lapsed during the Reporting Period.*

The Board confirms that the above supplemental information does not affect other information contained in the 2022 Annual Report. Save as disclosed above, the contents of the 2022 Annual Report remain unchanged.

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

7 August 2023, Zibo, PRC

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

Executive Directors:

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

Independent Non-executive Directors:

Mr. Lo Wah Wai
Mr. Pan Guangcheng
Mr. Zhu Jianwei

Non-executive Directors:

Mr. Xu Lie
Mr. Cong Kechun