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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)

PAYMENT OF 2024 INTERIM DIVIDEND

References are made to the circular of Shandong Xinhua Pharmaceutical Company Limited (the **"Company"**) dated 28 May 2024 (the **"Circular"**) and the poll results announcement of the annual general meeting (**"AGM"**) dated 26 June 2024, in relation to, among others, the grant of authorisation to the Board to formulate and implement the 2024 interim profit distribution proposal. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

Profit Distribution

On 22 August 2024, pursuant to the authorisation of the AGM, the Board is pleased to announce the following details in respect of the distribution of cash dividend for the six months ended 30 June 2024 (the **"2024 Interim Dividend"**) to the Shareholders. The Company will distribute a cash dividend in the amount of RMB0.025 per Share to the A Shareholders and H Shareholders without any capitalization of capital reserves or bonus shares. As at the date of the AGM, the Company has a total issued share capital of 682,407,635 Shares and it did not have (a) any treasury Shares (including any treasury Shares held or deposited with CCASS); and (b) any repurchased Shares which are pending cancellation. In the event that, prior to the implementation of the Company's 2024 Interim Dividend, the total issued share capital of the Company changes due to the exercise of share options concerning Shares or the listing or issuance of new Shares due to refinancing actions of the Company, the distribution plan will be adjusted accordingly under the principle that the distribution amount per Share shall remain unchanged. The cash dividend on A Shares will be paid in RMB and that on H Shares in HKD. The actual dividend amount per H Share is HKD0.027289 based on the average RMB-HKD benchmark middle rates released by the People's Bank of China for the five business days immediately prior to the date of the Board on 22 August 2024. The Company has appointed a receiving agent and will pay to the receiving agent the profit distribution payable to H Shareholders. There is no condition which may lead to the cancellation of the entitlement distribution.

Enterprise Income Tax for Overseas Non-Resident Enterprise Shareholders

In accordance with the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) which was revised and came into effect since 29 December 2018, the Implementing Rules of the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法實施條例) which was revised and came into effect since 23 April 2019 and the Notice on Issues concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to H Shares holders who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (關於中國居民企業向

境外H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (國稅函[2008]897 號) issued on 6 November 2008, all Shareholders who will be registered as overseas non- natural persons (i.e. non-individuals) on the Company's H share register of members on Thursday, 12 September 2024, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, are treated as overseas non-resident enterprise Shareholders and the Company shall distribute the 2024 Interim Dividend to such overseas non-resident enterprise Shareholders after withholding the enterprise income tax of 10% as required by law.

Individual Income Tax for Overseas Individual Shareholders

Pursuant to the Notice on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) (關於個人所得稅若干政策問題的通知) (財稅字[1994]020號) issued by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are now exempted from paying the PRC individual income tax for dividends or bonus received from foreign-invested enterprises. As the Company is a foreign-invested enterprise, the Company will not withhold and pay the individual income tax on behalf of individual Shareholders when the Company distributes the 2024 Interim Dividend to individual Shareholders whose names appear on the register of members of H shares of the Company (not including domestic individual investors of the Shenzhen Stock Exchange investing in the H shares of the Company through Shenzhen-Hong Kong Stock Connect).

Individual Income Tax for Domestic Individual Shareholders and Securities Investment Funds Investing through Southbound Trading

For investors (including corporations and individuals) investing in the H shares of the Company through Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect ("**Investors of Southbound Trading**"), the Company has signed an Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H 股股票現金紅利派發協議) with the Shenzhen Branch and Shanghai Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shenzhen Branch and Shanghai Branch of China Securities Depository and Clearing Corporation Limited will, as the nominee of the Investors of Southbound Trading, receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant Investors of Southbound Trading through its depository and clearing system. The cash dividend for the Investors of Southbound Trading will be paid in RMB. Taxes shall be withheld pursuant to the Notice on the Tax Policies Related to the Pilot Program on the Interconnection Mechanism of the Shenzhen-Hong Kong Stock Market Transactions (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (Cai Shui [2016] No. 127) and the Notice on the Tax Policies Related to the Pilot Program on the Interconnection Mechanism of the Shanghai-Hong Kong Stock Market Transactions (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Cai Shui [2014] No. 81). For dividends payable to domestic individual investors and domestic securities investment funds from investing in H shares listed on The Stock Exchange of Hong Kong Limited through Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect, an H share issuer shall withhold individual income tax at the rate of 20% on behalf of such investors. An H-share issuer shall not withhold income tax on dividends for domestic corporate investors and those domestic corporate investors shall report and pay the relevant tax by themselves.

Should any holders of H shares have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in the PRC, Hong Kong and/or other countries (regions) on the possession and disposal of the H shares. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H Shareholders and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual H Shareholders or any disputes relating to the tax withholding and payment mechanism or arrangements.

The H share register of members of the Company will be closed for the purpose of determining H Shareholders' entitlement to the 2024 Interim Dividend from Friday, 6 September 2024 to Thursday, 12 September 2024 (both days inclusive), during which period no transfer of H shares will be registered. In respect of the H Shareholders, to be eligible for the 2024 Interim Dividend, H Shareholders whose transfers have not been registered shall deposit their duly completed transfer documents together with the relevant share certificates with Hong Kong Registrars Limited being the H Share Registrar of the Company at or before 4:30 p.m. on Thursday, 5 September 2024. The address of the transfer office of the H share Registrar is at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. H Shareholders whose names appear on the Company's register of members on Thursday, 12 September 2024 will be entitled to receive the 2024 Interim Dividend.

The 2024 Interim Dividend is expected to be distributed to the Shareholders on or before Friday, 27 September 2024.

DOCUMENTS FOR INSPECTION AT THE COMPANY PURSUANT TO THE APPLICABLE PRC LAWS, RULES AND REGULATIONS

1. Meeting minutes of the fourth meeting of the Eleventh Board of Directors.

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

22 August 2024, 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. Pan Guangcheng

Mr. Zhu Jianwei

Mr. Ling Peixue

Ms. Cheung Ching Ching, Daisy

Non-executive Directors:

Mr. Xu Lie

Mr. Zhang Chenyong