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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
PROPOSED CHANGE OF AUDITORS

This announcement is made by Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

ShineWing Certified Public Accountants (special general partnership) (“**ShineWing**”), being the current PRC auditor of the Company, would have served as the auditor of the Company for 28 consecutive years upon completing the annual audit work of the Company for the financial year ended 31 December 2023.

Pursuant to the *Administrative Measures for the Appointment of Accounting Firms by State-owned Enterprises and Listed Companies* (Cai Hui [2023] No.4) 《國有企業、上市公司選聘會計師事務所管理辦法》(財會[2023]4號) (“**Administrative Measures**”) jointly issued by the Ministry of Finance of the People’s Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission on 20 February 2023, the tenure of ShineWing will reach the prescribed time limit for consecutive appointment of accounting firms as permitted under the Administrative Measures after completing the annual audit work of the Company for the financial year ended 31 December 2023. In order to comply with the Administrative Measures, the Company has decided to change its auditors for the 2024 financial year.

The audit committee (“**Audit Committee**”) of the board (“**Board**”) of directors (“**Director(s)**”) of the Company has performed independent and objective assessment procedures and audit duties in relation to the appointment of new auditors of the Company in accordance with the Administrative Measures, relevant guidelines issued by the Accounting and Financial Reporting Council of Hong Kong and relevant guidelines issued by the Stock Exchange. Following its review and evaluation of selection procedures, tendering process as well as assessment of professional competence, capability, integrity and independence of proposed audit firms, Grant Thornton Zhitong Certified Public Accountants LLP (Special General Partnership) (“**Grant Thornton Zhitong**”) is eligible and suitable to act as the auditor of the Company for the year ending 31 December 2024, and has made relevant recommendation to the Board. Pursuant to the recommendation of the Audit Committee, the Board has resolved to recommend the appointment of Grant Thornton Zhitong as the new auditor of the Company (the “**Proposed Appointment**”). In consideration of the volume of audit work under principles of fairness and reasonableness and as confirmed through tender, the proposed annual audit fees in respect of such appointment for the financial year ending 31 December 2024 shall be RMB 760,000 , comprising annual report audit fee of RMB650,000 and internal control audit fee of RMB110,000 (the

“**Proposed Audit Fees**”). This is basically the same as the previous year's RMB 780,000, comprising annual report audit fee of RMB650,000 and the internal control audit fee of RMB 130,000. The Proposed Appointment and the Proposed Audit Fees shall be subject to approval by Shareholders at the forthcoming annual general meeting of the Company by way of ordinary resolutions.

The Company has communicated and reached a mutual understanding with ShineWing regarding the proposed change of auditors. ShineWing will continue to serve as auditors and provide necessary services to the Company in connection with the audit of its consolidated financial statements for the financial year ended 31 December 2023. After completing the said audit work, ShineWing will retire as auditors of the Company with effect from the conclusion of the forthcoming annual general meeting of the Company if Grant Thornton Zhitong has been appointed, and will not be re-appointed.

ShineWing has confirmed that there is no disagreement between them and the Company and there is no matter that needs to be brought to holders of securities of the Company in relation to its retirement as auditor of the Company. The Board and the Audit Committee have confirmed that there is no disagreement between the Company and ShineWing, and there is no other matters that needs to be brought to the attention of holders of securities of the Company in connection with the change of auditors of the Company.

The Board would like to express its appreciation to ShineWing for their professional services rendered to the Company in previous years.

The Board and the Audit Committee considers that the proposed change of auditors is in the interests of the Company and its shareholders as a whole. A circular containing, among other things, details of the change of auditors (including the Proposed Appointment), together with a notice convening the 2023 annual general meeting, will be dispatched to shareholders of the Company in due course.

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

28 March 2024, Zibo, the People's Republic of China

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 Chengyong