THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shandong Xinhua Pharmaceutical Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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)

(1) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR AND (2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 1 to 4 of this circular.

A notice convening the EGM to be held at the conference room of the Company at No.1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province, PRC on Tuesday, 10 November 2026, at 2:00 p.m. is also set out on pages EGM-1 to EGM-3 of this circular.

The proxy form and reply slip in relation to the EGM are enclosed and are published and available for downloading on the websites of The Stock Exchange of Hong Kong Limited at www.hkex.com.hk and of the Company at http://www.xhzy.com.

Whether or not you intend to attend the EGM, we encourage you to complete and return the proxy form in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours prior to the commencement of the EGM (or any adjournments thereof). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish. Shareholders who intend to attend the EGM should also complete and return the reply slip in accordance with the instructions printed thereon.

16 October 2026

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"A Share(s)"	RMB1.00 each A Share(s) of RMB1.00 each in the capital of the Company which is/are listed and traded on the Shenzhen Stock Exchange
"A Shareholder(s)"	holder(s) of A Shares
"Articles of Association"	the articles of association of the Company, as amended from time to time
"Board"	the board of Directors of the Company
"Company"	山東新華製藥股份有限公司 (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 and the Shenzhen Stock Exchange respectively
"Director(s)"	director(s) of the Company
"EGM"	the 2026 first extraordinary general meeting of the Company to be held at 2:00 pm on 10 November 2026, at No.1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province, PRC
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company, with a nominal value of RMB1.00 each and is(are) listed on Hong Kong Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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 circular only (unless otherwise indicated), excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	A Share(s) and/or H Share(s)
"Shareholder(s)"	holder(s) of Share(s)
"Shenzhen Stock Exchange"	Shenzhen Stock Exchange

If there is any inconsistency between names or words in Chinese and their English translations in this circular, the Chinese expressions shall prevail.

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)

Executive Director:
Mr. He Tongqing *(Chairman)*
Mr. Xu Wenhui
Mr. Hou Ning

Non-executive Directors:
Mr. Zhang Chengyong

Independent non-executive Directors:
Mr. Pan Guangcheng
Mr. Zhu Jianwei
Mr. Ling Peixue
Ms. Cheung Ching Ching, Daisy

Registered Address:
No.1 Lutai Ave.,
Hi-tech Industry Development Zone, Zibo City,
Shandong Province, PRC

Principal place of business:
No.1 Lutai Ave.,
Hi-tech Industry Development Zone, Zibo City,
Shandong Province, PRC

16 October 2026

To Shareholders

Dear Sir or Madam,

(1) PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR AND (2) NOTICE OF THE EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

References are made to the announcement of the Company dated 9 October 2026 in relation to the proposed appointment of executive Director.

The purpose of this circular is to provide you with the notice of the EGM and certain information to enable you to make an informed decision on whether to vote for or against the proposed resolution at the EGM in relation to the proposed appointment of executive Director.

2. PROPOSED APPOINTMENT OF EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated 9 October 2026. Upon the recommendation of the nomination committee of the Board, on 9 October 2026, the Board has resolved to nominate Mr. Liu Weimin ("**Mr. Liu**") as a candidate to be appointed as an executive Director, for a proposed term of office commencing from the date of approval given by the Shareholders at the EGM (i.e. 10 November 2026) and ending on the expiry of the eleventh session of the Board on 21 December 2026 (the "**Proposed Term**"). Pursuant to the articles of association of the Company and the Company Law of the People's Republic of China, the appointment of Mr. Liu to the Board shall be subject to, and shall take effect upon, the obtaining of approval of the Shareholders by way of ordinary resolution at the EGM.

Mr. Liu Weimin (劉偉民), aged 47, is a senior economist. He graduated from Shandong University with a bachelor's degree and started his career in July 2001. He previously served as Manager, Senior Manager, Deputy Director and Senior Deputy Director of the General Office (Party Committee Office, Board of Directors Office, General Manager's Office) of Hualu Holding Group Co., Ltd. ("**Hualu Group**", the controlling shareholder (as defined in the Listing Rules) of the Company); and as the General Manager of the Enterprise Management Department (Work Safety Office, Emergency Management Office, Comprehensive Deepening Reform Leading Group Office) of Hualu Group. Mr. Liu has years of experience in enterprise management. Mr. Liu has joined the Company since September 2026 and has served as the Secretary of the Party Committee of the Company.

Upon approval by the Shareholders at the EGM, Mr. Liu will enter into a service contract with the Company in connection with his appointment as an executive Director for the Proposed Term. For the Proposed Term, Mr. Liu's monthly basic salary is proposed to be RMB43,300. Such proposed remuneration was determined with reference to the 2026 director compensation recommendation from the remuneration committee of the Board, having taken into account, without limitation, the level of responsibility which he will undertake in his proposed role, his experience and competence required of the position, the remuneration of other executive Directors within the Group, and remuneration offered for similar positions in the industry.

It is intended that, upon expiry of the Proposed Term, Mr. Liu will be nominated for re-election as an executive Director of the twelfth session of the Board, subject to the approval of the Shareholders.

As of the date of this circular, Mr. Liu does not hold any shares in the issued share capital of the Company.

Mr. Liu has confirmed that, save as disclosed above, as of the date of this circular, (i) he does not have any relationship with any other Directors, senior management, substantial shareholders, or controlling shareholders of the Company; (ii) he does not hold any other major appointments or professional qualification; (iii) he does not have, and is not deemed to have, any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); (iv) he does not hold other positions with the Company or other members of the Group; and (v) he has not held any other directorship in the last three years in any other public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Liu has confirmed that, save as disclosed above, there is no other information relating to the aforesaid appointment that is required to be disclosed pursuant to Rule 13.51(2) (h) to (v) of the Listing Rules, and the Company is not aware of any other matters in relation to his appointment that are required to be brought to the attention of the Shareholders.

The Company believes that the above change to the management team of the Company will not materially affect the ordinary and usual course of business and operations of the Group.

3. EGM

The EGM will be convened to consider and, if thought fit, approve resolution in relation to the proposed appointment of Mr. Liu.

A notice convening the EGM to be held at the conference room of the Company at No.1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province, PRC on 10 November 2026, Tuesday at 2:00 p.m. is also set out on pages EGM-1 to EGM-3 of this circular.

The proxy form and reply slip in relation to the EGM are enclosed and also published and available for downloading on the websites of the Hong Kong Stock Exchange at www.hkex.com.hk and of the Company at http://www.xhzy.com.

Whether or not you intend to attend the EGM, we encourage you to complete and return the proxy form in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours prior to the commencement of the EGM (or any adjournments thereof). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish. Shareholders who intend to attend the EGM should also complete and return the reply slip in accordance with the instructions printed thereon.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the ordinary resolution in relation to the proposed appointment of executive Directors at the EGM.

4. VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the chairman of the EGM will exercise his power under the Articles of Association to demand a poll in relation to all proposed resolution at the EGM.

5. RECOMMENDATIONS

The Board considers that the proposed appointment of Mr. Liu to be resolved at the EGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution at the EGM.

6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

16 October 2026, Zibo, PRC

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)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("**EGM**") of Shandong Xinhua Pharmaceutical Company Limited (the "**Company**") will be held at the Company's conference room at No.1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province, the People's Republic of China (the "**PRC**") on Tuesday, 10 November 2026 from 2:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as ordinary resolution.

A. MATTERS FOR CONSIDERATION AND APPROVAL AT THE EGM

ORDINARY RESOLUTION

1. To consider and approve the appointment of Mr. Liu Weimin as an executive director of the Company by voting for a proposed term of office commencing from the date of approval given by the Shareholders at the EGM and ending on the expiry of the eleventh session of the Board on 21 December 2026.

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

16 October 2026, Zibo, PRC

Notes:

1. The register of members of the Company will be closed from 3 November 2026 to 10 November 2026 (both days inclusive), during which period no H Share transfers of the Company will be registered. Shareholders whose names appear on the register of members of the Company kept by the Computershare Hong Kong Investor Services Limited at the close of business on Tuesday, 3 November 2026 and on the register of members kept by the China Securities Registrar Company Limited Shenzhen Branch after the closing of Shenzhen Stock Exchange on Tuesday, 3 November 2026 and the Directors and the senior management of the Company are entitled to attend the EGM or any adjournment thereof.

2. H Shareholders who wish to attend the EGM shall lodge their share transfer instruments accompanied by the relevant share certificates with the share registrar for the Company's H Shares not later than 4:30 p.m. on Monday, 2 November 2026.

   The address of the share registrar for the Company's H Shares:
   Computershare Hong Kong Investor Services Limited
   Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

3. Shareholders who intend to attend the EGM are requested to send the completed and signed reply slip for attendance despatched to the Company's shareholders together with this notice to the office of the secretary to the Board (see Note 8 below) or to the share registrar for the Company's H Shares on or before 2:00 p.m. 9 November 2026, by hand, by post or by facsimile. The written reply will not affect the right of the Shareholders to attend and vote at the EGM.

4. Shareholders entitled to attend and vote at the EGM may appoint one or more proxies (whether the person is a Shareholder or not) to attend and vote on his/her/its behalf at the EGM. When a Shareholder appoints more than one proxy, such proxies may only vote by way of poll.

5. Shareholders may only appoint a proxy or proxies in writing i.e. the proxy form despatched to the Company's shareholders together with this notice or a copy of it, which shall be in compliance with the instructions thereon and signed by the person appointing the proxy or proxies or by his/her/its duly authorised attorney. If the form of proxy is signed by an attorney, the document appointing the attorney must be certified by a notary public. If the appointing shareholder is a legal entity, its seal or the signature of its director(s) or representative(s) duly authorised in writing is required. To be valid, a notarially certified power of attorney or other authority (if any) and the forms of proxy must be received by the office of the secretary to the Board (see Note 8 below) or the share registrar for the Company's H Shares, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 24 hours prior to the commencement of the EGM. The completion and deposit of a form of proxy will not preclude any Shareholder from attending and voting in person at the EGM or any adjournment thereof.

6. Shareholders or their proxies shall present proof of identity upon attending the EGM. Should a proxy be appointed, the proxy shall also present his/her form of proxy.

7. The EGM are expected to last half a day. Shareholders who attend any of the Meetings shall bear their own traveling and accommodation expenses.

8. The address of the office of the secretary to the Board is as follows:

   No.1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province,
   PRC Postal Code: 255086
   Telephone: 86 533 2196024
   Facsimile: 86 533 2287508

9. All references to time herein refer to Hong Kong time.

10. For the arrangements applicable to the A Share Shareholders in respect of the EGM, please refer to the notice(s) to A Share Shareholders published by the Company on the website of the Shenzhen Stock Exchange of the even date.

11. The proposed appointment of executive directors have been set out in the announcement of the Company dated 9 October 2026 and the circular dated 16 October 2026.

As at the date hereof, the Board comprises:

Executive Director:
Mr. He Tongqing *(Chairman)*
Mr. Xu Wenhui
Mr. Hou Ning

Non-executive Directors:
Mr. Zhang Chengyong

Independent Non-executive Directors:
Mr. Pan Guangcheng
Mr. Zhu Jianwei
Mr. Ling Peixue
Ms. Cheung Ching Ching, Daisy