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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: 0719)

**NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING  
FOR THE YEAR 2017**

**NOTICE IS HEREBY GIVEN** to the shareholders of the H shares (“**H Shareholders**”) of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) that the board of directors of the Company (the “**Board**”) has decided to hold the first Extraordinary General Meeting for the Year 2017 (the “**EGM**”) on Friday, 22 December 2017 at 2:00 p.m.

The details of the Meetings are provided as follows:

**A. CONVENING OF THE EGM**

**1. Time**

The EGM will commence at 2:00 p.m. on Friday, 22 December 2017.

**2. Venue**

The EGM will be held at the conference room at No. 1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province, the People's Republic of China (the “**PRC**”).

**3. Convenor**

The EGM is convened by the Board.

#### **4. Way of Conducting the EGM**

The EGM will be conducted by way of physical voting in respect of the H Shareholders.

#### **5. Attendees**

##### ***(1) Shareholders of the Company***

All the shareholders of A Shares of the “Shandong Xinhua Pharmaceutical Company Limited” (000756) whose names appear on the register of members, kept by China Securities Depository and Clearing Corporation Limited, Shenzhen Office, as at the close of A Share trading session on Shenzhen Stock Exchange at 3:00 p.m. on Friday, 15 December 2017.

For information on the attendance of the shareholders of A Shares, please refer to the notice(s) regarding the Meeting of the Shareholders of A Shares published by the Company on the website of Shenzhen Stock Exchange.

All the H Shareholders whose names appear on the register of members of H Shares of the Company after 4:30 p.m. on Wednesday, 22 November 2017.

- (2)*** proxies authorised by the above shareholders;
- (3)*** directors, supervisors and senior management of the Company;
- (4)*** legal counsels of the Company; and
- (5)*** auditors of the Company.

#### **B. MATTERS TO BE CONSIDERED AND APPROVED AT THE EGM**

The following resolutions will be considered and, if thought fit, approved at the EGM:

##### **ORDINARY RESOLUTIONS**

1. To consider and approve the distribution and payment of the special dividend as recommended by the Board on 30 October 2017. <sup>*Note 1*</sup>
2. To consider and approve the re-election of Mr. Zhang Daiming as executive director of the Company by cumulative voting for a period of 3 years with effect from the date of approval by the shareholders of Company. <sup>*Notes 2, 3*</sup>

3. To consider and approve the re-election of Mr. Du Deping as executive director of the Company by cumulative voting for a period of 3 years with effect from the date of approval by the shareholders of Company. *Notes 2, 3*
4. To consider and approve the re-election of Mr. Ren Fulong as non-executive director of the Company by cumulative voting for a period of 3 years with effect from the date of approval by the shareholders of Company. *Notes 2, 3*
5. To consider and approve the re-election of Mr. Xu Lie as non-executive director of the Company by cumulative voting for a period of 3 years with effect from the date of approval by the shareholders of Company. *Notes 2, 3*
6. To consider and approve the re-election of Mr. Zhao Bin as non-executive director of the Company by cumulative voting for a period of 3 years with effect from the date of approval by the shareholders of Company. *Notes 2, 3*
7. To consider and approve the re-election of Mr. Li Wenming as independent non-executive director of the Company by cumulative voting for a period of 3 years with effect from the date of approval by the shareholders of Company. *Notes 2, 3*
8. To consider and approve the re-election of Mr. Du Guanhua as independent non-executive director of the Company by cumulative voting for a period of 3 years with effect from the date of approval by the shareholders of Company. *Notes 2, 3*
9. To consider and approve the re-election of Mr. Chan Chung Kik Lewis as independent non-executive director of the Company by cumulative voting for a period of 3 years with effect from the date of approval by the shareholders of Company. *Notes 2, 3*
10. To consider and approve the re-election of Mr. Li Tianzhong as supervisor of the Company by cumulative voting for a period of 3 years with effect from the date of approval by the shareholders of Company. *Notes 2, 3*
11. To consider and approve the re-election of Mr. Tao Zhichao as supervisor of the Company by cumulative voting for a period of 3 years with effect from the date of approval by the shareholders of Company. *Notes 2, 3*
12. To consider and approve the re-election of Mr. Xiao Fangyu as supervisor of the Company by cumulative voting for a period of 3 years with effect from the date of approval by the shareholders of Company. *Notes 2, 3*

## **SPECIAL RESOLUTION**

13. To consider and approve the amendment of the business scope of the Company and the amendments to the Articles of Association and the Rules and Procedures for the Meetings of the Board. <sup>Note 4</sup>

### **C. REGISTRATION OF THE EGM**

1. The register of members of the Company will be closed from 23 November 2017 to 22 December 2017 (both days inclusive), during which period no H share transfers will be effected. Shareholders of the Company whose names appear on the register of members of the Company in the Hong Kong Registrars Limited at 4:30 p.m. on 22 November 2017 and on the register of members of the China Securities Registrar Company Limited Shenzhen Branch after the closing of Shenzhen Stock Exchange on 15 December 2017 and the directors, the supervisors and the senior management of the Company are entitled to attend the EGM or any adjournment thereof.
2. H shareholders of the Company who wish to attend the EGM shall lodge their share transfer instruments accompanied by the relevant share certificates with the share register for the Company's H shares not later than 4:30 p.m. on 22 November 2017.

The address of the share register for the Company's H shares:

Hong Kong Registrars Limited  
17th Floor, Hopewell Centre  
183 Queen's Road East, Hong Kong

3. Shareholders of the Company who intend to attend the EGM are requested to send the completed and signed reply slip for attendance dispatched to the Company's shareholders together with this notice to the office of the secretary to the Board (see paragraph 8 below) on or before 3 December 2017, by hand, by post or by facsimile. The written reply will not affect the right of the shareholders (see paragraph 1 above) to attend and vote at the EGM. The completion and deposit of a form of proxy will not preclude any shareholder of the Company from attending and voting in person at the EGM or any adjournment thereof.
4. A shareholder of the Company entitled to attend and vote at the EGM may appoint one or more proxies (whether the person is a shareholder of the Company 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 of the Company may only appoint a proxy or proxies in writing i.e. the original proxy form dispatched to the Company's shareholders together with this notice or a copy of it, which shall be 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 form of proxy must be received by the office of the secretary to the Board (see paragraph 8 below) 24 hours prior to the commencement of the EGM.
6. Shareholders of the Company 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 is expected to last half a day. Shareholders who attend the EGM shall bear their own traveling and accommodation expenses.
8. The address of the office of the secretary to the Board of the Company 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

#### **D. DOCUMENTS AVAILABLE FOR INSPECTION**

Resolutions passed at Board Meeting held on 30 October 2017.

By Order of the Board  
**Shandong Xinhua Pharmaceutical Company Limited**  
**Zhang Daiming**  
*Chairman*

6 November 2017, Zibo, PRC

*Notes:*

1. *The details of the proposed special dividend and the proposed book closure arrangement and payment schedule in relation thereto, amongst others, have been set out in the announcement of the Company dated 30 October 2017 in respect of the proposed distribution of special dividend. A circular in relation thereto will be despatched to the H Shareholders in due course.*
2. *When directors/or supervisors are elected through cumulative voting at the EGM, the number of total votes that a shareholder can exercise is decided by the following factors: (i) the number of shares held by such shareholder, and (ii) the number of directors/or supervisors to be elected. A shareholder can give all his or her votes to one of the candidates for directors/or supervisors or divide his or her votes among several candidates for directors/or supervisors. Directors/or supervisors are elected based on the total number of votes a candidate receives at the EGM.*
3. *The biographical details of the candidates of the directors and supervisors for re-election, amongst others, have been set out in the announcement of the Company dated 30 October 2017 in respect of the proposed election of directors and supervisors of the Company. A circular in relation thereto will be despatched to the H Shareholders in due course.*
4. *The proposed amendment of the business scope of the Company and amendments to the Articles of Association of the Company and the Rules and Procedures for the Meetings of the Board, amongst others, have been set out in the announcement of the Company dated 30 October 2017 in respect thereof. A circular in relation thereto will be despatched to the H Shareholders in due course.*

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

*Executive Directors:*

Mr. Zhang Daiming (*Chairman*)  
Mr. Du Deping

*Independent Non-executive Directors:*

Mr. Li Wenming  
Mr. Du Guanhua  
Mr. Chan Chung Kik, Lewis

*Non-executive Directors:*

Mr. Ren Fulong  
Mr. Xu Lie  
Mr. Zhao Bin