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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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the board of directors (the “**Board**”) of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) has decided to hold an extraordinary general meeting (the “**EGM**”) of the Company at 2:00 p.m. on Wednesday, 20 February 2019.

The details of the EGM are as follows:

A. CONVENING OF THE EGM

1. Time

The EGM will commence at 2:00 p.m. on Wednesday, 20 February 2019.

2. Venue of the physical meeting

The EGM 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**”).

3. Convenor

The EGM was convened by the Board.

4. **Ways of conducting the EGM**

The holders (the “**A Shareholders**”) of A shares (the “**A Shares**”) of the Company or the duly appointed proxies thereof may vote by way of physical voting or online voting, whereas the holders (the “**H Shareholders**”; together with the A Shareholders, the “**Shareholders**”) of H shares (the “**H Shares**”) of the Company or the duly appointed proxies thereof may vote by way of physical voting.

5. **Eligible attendees**

(1) Shareholders

All the A Shareholders whose names appear on the register of members of A Shares, kept by China Securities Depository and Clearing Corporation Limited, Shenzhen Office, as at the close of A share trading session on Shenzhen Stock Exchange on Tuesday, 12 February, 2019.

For information on the attendance of the A Shareholders, please refer to the notice to A Shareholders in respect of the EGM published by the Company on the website of the Shenzhen Stock Exchange of even date.

All the H Shareholders whose names appear on the register of members of H Shares at 4:30 p.m. on Friday, 18 January 2019;

(2) Proxies duly appointed by the Shareholders;

(3) Directors (“**Directors**”), supervisors (“**Supervisors**”) and senior management (with the meaning ascribed thereto under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the “**Senior Management**”) of the Company;

(4) Legal advisers to the Company; and

(5) Auditors of the Company.

B. MATTERS FOR CONSIDERATION AND APPROVAL

The following resolution will be submitted for consideration and approval at the EGM:

ORDINARY RESOLUTION *Note*

1. To consider and approve the Agreement dated 20 December 2018 entered into between the Company and SXPGC and the businesses and transactions contemplated thereunder.

Note: The details of the Agreement and the businesses and transactions contemplated thereunder have been set out in the announcement of the Company dated 20 December 2018. Unless otherwise specified, capitalised terms used in this section shall have the same meanings as those defined in the abovementioned announcement. A circular in relation thereto will be despatched to H Shareholders in due course.

C. REGISTRATION

1. The register of members of the Company will be closed from 19 January 2019 to 20 February 2019 (both days inclusive), during which period no transfer of H Share will be registered. Shareholders whose names appear on the register of members of the Company of H Shares kept by the Hong Kong Registrars Limited at 4:30 p.m. on Friday, 18 January 2019 and on the register of members of A Shares kept by the China Securities Registrar Company Limited Shenzhen Branch after the close of A share trading session on Shenzhen Stock Exchange on Tuesday, 12 February, 2019 and the Directors, the Supervisors and the Senior Management 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 18 January 2019.

The address of the share registrar for the Company's H Shares:

Hong Kong Registrars Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

3. H Shareholders who intend to attend the EGM are requested to send the completed and signed reply slip for attendance despatched to the H 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 (17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) on or before 30 January 2019, 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 meeting. 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 forms ("**Proxy Forms**") despatched to the Shareholders together with the notice or a copy thereof, 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 notarised 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 notarised 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 at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong 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 meeting or any adjournment thereof.
6. Shareholders or their proxies shall present proof of identity as required upon attending the EGM. Should a proxy be appointed, the proxy shall also present his/her Proxy Form.
7. The EGM is expected to last half a day. Shareholders who attend the meeting 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 Shareholders in respect of the EGM, please refer to the notice to A Shareholders published by the Company on the website of the Shenzhen Stock Exchange of even date.

D. DOCUMENT AVAILABLE FOR INSPECTION

Resolutions passed at the seventh extraordinary meeting of the ninth session of the Board.

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

Zibo, PRC, 4 January 2019

As at the date hereof, the Board comprises:

Executive Directors:

Mr. Zhang Daiming (Chairman)

Mr. Du Deping

Non-executive Directors:

Mr. Ren Fulong

Mr. Xu Lie

Mr. Zhao Bin

Independent Non-executive Directors:

Mr. Du Guanhua

Mr. Li Wenming

Mr. Lo Wah Wai