

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, 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 notice.*



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 ANNUAL GENERAL MEETING AND OF  
MEETING OF THE SHAREHOLDERS OF H SHARES**

**NOTICE IS HEREBY GIVEN** that an annual general meeting (“**AGM**”) of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”), the Class Meeting (the “**A Shareholders’ Class Meeting**”) of the Shareholders of A Shares (the “**A Shareholders**”) and the Class Meeting (the “**H Shareholders Class Meeting**”; together with the AGM and the A Shareholders’ Class Meeting, the “**Meetings**”) of the Shareholders of H Shares (the “**H Shareholders**”; together with the A Shareholders, the “**Shareholders**”) of 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 Wednesday, 30 June 2021 from 2:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions and special resolution.

The details of the Meetings are provided as follows:

**A. CONVENING OF THE AGM**

**1. Time of the Meetings**

The AGM and the H Shareholders Class Meeting will commence at 2:00 p.m. and 4:00 p.m. (or immediately after the conclusion or adjournment of the A Shareholders’ Class Meeting) respectively on Wednesday, 30 June 2021.

## **2. Venue of the physical Meetings**

The Meetings 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 Meetings were convened by the board of directors of the Company (the "**Board**").

## **4. Ways of conducting the Meetings**

The A Shareholders or the duly appointed proxies thereof may vote at the AGM and the A Shareholders' Class Meeting by way of physical voting or online voting, whereas the H Shareholders or the duly appointed proxies thereof may vote at the AGM and the H Shareholders Class Meeting by way of physical voting.

## **5. Eligible attendees**

### ***(1) Shareholders***

The AGM:

All the A Shareholders 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 on Tuesday, 22 June 2021.

For information on the attendance of the A Shareholders, please refer to the notice(s) to A Shareholders in respect of the AGM and A Shareholders' Class Meeting 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 of the Company ("**H Shares**") at 4:30 p.m. on Tuesday, 15 June 2021.

The H Shareholders Class Meeting:

All the H Shareholders whose names appear on the register of members of H Shares on Tuesday, 15 June 2021 at 4:30 p.m..

**(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 advisors to the Company; and**

**(5) Auditors of the Company.**

## **B. MATTERS FOR CONSIDERATION AND APPROVAL AT THE AGM**

### **ORDINARY RESOLUTIONS**

1. To consider and approve the resolution in relation to the shareholders’ return plan for the next three years of the Company.
2. To review and approve the annual report of the Company for the year 2020.
3. To review and approve the report of the Board for the year 2020.
4. To review and approve the report of the supervisory committee of the Company for the year 2020.
5. To review and approve the audited financial statements of the Company for the year 2020.
6. To review and approve the profit distribution plan for the year 2020.
7. To review and approve the re-appointment of ShineWing Certified Public Accountants (Special General Partnership) as the Company’s auditors for the year 2021 and authorise the Board to fix their remuneration.
8. To review and approve the remuneration of the Directors and the Supervisors for the year 2021.

## **SPECIAL RESOLUTIONS**

1. To consider and approve the resolution in relation to the Company's compliance with the conditions of the proposed non-public issuance of a total of 36,284,470 new A shares of the Company ("**A Shares**") to Hualu Investment Co., Ltd. ("**Hualu Investment**") pursuant to a subscription agreement dated 14 April 2021 and entered into between the Company and Hualu Investment (the "**Proposed A Shares Issue**").
2. To consider and approve the resolution in relation to the plan for the Proposed A Shares Issue:

**"THAT**

each of the following items in relation to the revised plan for the Proposed A Shares Issue be and is hereby approved, confirmed and ratified, and be implemented conditional upon approvals and/or authorisations having been obtained from the relevant authorities:

Each of the following items in relation to the Proposed A Shares Issue will be considered and approved, and be implemented conditional upon approvals and/or authorisations having been obtained from the relevant authorities:

- (i) class and par value of A Shares to be issued;
- (ii) method and timing of the issuance of A Shares;
- (iii) subscriber and method of subscription by the subscriber;
- (iv) pricing principle and issue price of the A Shares to be issued;
- (v) number of A Shares to be issued;
- (vi) the lock-up period applicable to the A Shares that will be issued;
- (vii) the amount of total funds to be raised from the issuance of A Shares and the proposed use of proceeds;
- (viii) listing place of A Shares to be issued;
- (ix) validity period of the resolutions regarding the Proposed A Shares Issue; and
- (x) arrangement concerning retained but undistributed profits of the Company prior to the Proposed A Shares Issue.

3. To consider and approve the resolution in relation to the Proposal for Non-public Issuance of A Shares.
4. To consider and approve the resolution in relation to the Feasibility Analysis Report on the Use of Proceeds from the Proposed A Shares Issue.
5. To consider and approve the resolution in relation to the Report on Use of Proceeds from Previous Fund Raising Activities of the Company.
6. To consider and approve the resolution in relation to the subscription of A Shares under the Proposed A Shares Issue which constitutes connected transaction of the Company.
7. To consider and approve the resolution in relation to the conditional A Share subscription agreement (the “**A Shares Subscription Agreement**”) entered into between the Company and Hualu Investment on 14 April 2021:

**“THAT**

the A Shares Subscription Agreement entered into between the Company and Hualu Investment on 14 April 2021 (pursuant to which the Company has conditionally agreed to issue and Hualu Investment has agreed to subscribe for 36,284,470 A Shares under the Proposed A Shares Issue at a total subscription price of RMB250,000,000) and the transactions contemplated therein are hereby approved, confirmed and ratified.”

8. To consider and approve the resolution in relation to the dilution of current return as a result of the Proposed A Shares Issue and the adoption of remedial measures.
9. To consider and approve the resolution in relation to the Specific Mandate to the Board to deal with matters related to the Proposed A Shares Issue:

**“THAT**

the Board be and is hereby granted a specific mandate to exercise powers of the Company to allot and issue 36,284,470 A Shares pursuant to the Proposed A Shares Issue to Hualu Investment at an issue price of RMB6.89 per A Share, and the Board be and is hereby authorised to do all acts and matters and sign, execute or deliver such documents (including the affixation of the common seal of the Company thereon) and take all such steps as the Board in its opinion deem necessary, desirable or expedient to implement or give effect to the Specific Mandate, where the scope of authorisation includes but is not limited to:

- (i) formulating and implementing the specific plan for the Proposed A Shares Issue according to the specific circumstances, and determining the target subscriber, issue price, number of A Shares to be issued, time of issue, starting and ending date of the issue, termination of the issue, method of subscription, subscription ratio and all other matters related to the Proposed A Shares Issue in accordance with the resolutions passed at the Meetings;
- (ii) preparing and filing the application documents in relation to the Proposed A Shares Issue in accordance with the requirements of the China Securities Regulatory Commission (“**CSRC**”), and responding to the relevant questions, revising and supplementing the application documents based on the feedback from the CSRC’s audit department and the Issuance Examination Committee;
- (iii) handling matters relating to the establishment of special deposit account for raised funds;
- (iv) preparing, revising, supplementing, signing, submitting, reporting and executing all agreements and documents relating to the Proposed A Shares Issue in accordance with the relevant provisions of national laws, regulations and regulatory documents and resolutions of the Meetings;
- (v) adjusting the specific arrangements for the use of proceeds within the scope of the resolutions of the Meetings;
- (vi) adjusting the specific plan and matters relating to the Proposed A Shares Issue if laws, regulations, regulatory documents and CSRC’s policy on non-public issuance of shares, or the market conditions have changed, except for matters that require new resolutions of the Meetings under the relevant laws, regulations and articles of association of the Company (the “**Articles of Association**”);
- (vii) after completion of the Proposed A Shares Issue, handling matters relating to registration, lock-up and listing of the A Shares issued under the Proposed A Shares Issue in the Shenzhen Stock Exchange and China Securities Depository and Clearing Co., Ltd. Shenzhen Branch;

- (viii) amending the relevant provisions in the Articles of Association of the Company to reflect the Company's new total share capital and share capital structure after the completion of the Proposed A Shares Issue in accordance with the situation of the Proposed A Shares Issue, reporting to the relevant governmental departments and supervision institutions for approval, and completing the procedure relating to the change in industrial and commercial registration;
- (ix) delegating to the chairman of the Board or other persons authorised by him to decide, handle and process all of the abovementioned matters relating to the Proposed A Shares Issue;
- (x) handling other specific matters relating to the Proposed A Shares Issue except for those matters that require new resolutions of the Meetings under the relevant laws, regulations and Articles of Association of the Company, including but not limited to amending, supplementing and signing all agreements and documents related to the Proposed A Shares Issue.

The above authorisation shall be effective for 12 months from the date of the passing of the resolution at the Meetings.”

10. To consider and approve the resolution in relation to the application of the waiver in respect of the general offer obligation over the A Shares by Hualu Investment and parties acting in concert with it to be triggered as a result of the Proposed A Shares Issue under the relevant laws and regulations in the PRC.
11. To consider and approve the resolution in relation to the application for the Whitewash Waiver:

**“THAT**

subject to the granting of a waiver by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of such Executive Director pursuant to Note 1 on dispensations from Rule 26 of the Code on Takeovers and Mergers of Hong Kong of the obligation of Hualu Holdings Co, Ltd. (“HHC”) and parties acting in concert with it to make a general offer for all Shares and other equity share capital of the Company (other than those already owned or agreed to be acquired by HHC and parties acting in concert with it) as a result of the allotment and issue of A Shares under the A Shares Subscription Agreement



(the “**Whitewash Waiver**”): (i) the Whitewash Waiver be and is hereby approved, confirmed and ratified; and (ii) any one Director be and is hereby authorised to do all acts and matters and sign such documents (including the affixation of the common seal of the Company thereon) and take all such steps as the Director may in his or her opinion deem necessary, desirable or expedient to implement or give effect to the Whitewash Waiver.”

12. To consider and approve the proposed amendments to the Articles of Association of the Company. *Note 11*

**“THAT**

the proposed amendments to the Articles of Association of the Company be and are hereby approved and the Board be and is hereby authorised to deal with on behalf of the Company all relevant procedures and matters to effect the amendments and to make any appropriate adjustments thereto whenever necessary in the process of submitting the same for the approval of and as required from time to time by the relevant regulatory authorities including without limitation to the administration authorities of industry and commerce and the Shenzhen Stock Exchange.”

(For details of the above Special Resolutions No. 1 to 11, please refer to the announcements of the Company dated 14 April 2021.)

## **C. MATTERS FOR CONSIDERATION AND APPROVAL AT THE H SHAREHOLDERS CLASS MEETING**

### **SPECIAL RESOLUTIONS**

1. To consider and approve the resolution in relation to the plan for the Proposed A Shares Issue:

**“THAT**

each of the following items in relation to the revised plan for the Proposed A Shares Issue be and is hereby approved, confirmed and ratified, and be implemented conditional upon approvals and/or authorisations having been obtained from the relevant authorities:

Each of the following items in relation to the Proposed A Shares Issue will be considered and approved, and be implemented conditional upon approvals and/or authorisations having been obtained from the relevant authorities:

- (i) class and par value of A Shares to be issued;



- (ii) method and timing of the issuance of A Shares;
  - (iii) subscriber and method of subscription by the subscriber;
  - (iv) pricing principle and issue price of the A Shares to be issued;
  - (v) number of A Shares to be issued;
  - (vi) the lock-up period applicable to the A Shares that will be issued;
  - (vii) the amount of total funds to be raised from the issuance of A Shares and the proposed use of proceeds;
  - (viii) listing place of A Shares to be issued;
  - (ix) validity period of the resolutions regarding the Proposed A Shares Issue; and
  - (x) arrangement concerning retained but undistributed profits of the Company prior to the Proposed A Shares Issue.
2. To consider and approve the resolution in relation to the Proposal for Non-public Issuance of A Shares.
  3. To consider and approve the resolution in relation to the Feasibility Analysis Report on the use of proceeds from the Proposed A Shares Issue.
  4. To consider and approve the resolution in relation to the subscription of A Shares under the Proposed A Shares Issue which constitutes connected transaction of the Company.
  5. To consider and approve the resolution in relation to the conditional A Shares Subscription Agreement entered into between the Company and Hualu Investment on 14 April 2021:

**“THAT**

the A Shares Subscription Agreement entered into between the Company and Hualu Investment on 14 April 2021 (pursuant to which the Company has conditionally agreed to issue and Hualu Investment has agreed to subscribe for 36,284,470 A Shares under the Proposed A Shares Issue at a total subscription price of RMB250,000,000) and the transactions contemplated therein are hereby approved, confirmed and ratified.”

6. To consider and approve the resolution in relation to the Specific Mandate to the Board to deal with matters related to Proposed A Shares Issue:

**“THAT**

the Board be and is hereby granted a specific mandate to exercise powers of the Company to allot and issue 36,284,470 A Shares pursuant to the Proposed A Shares Issue to Hualu Investment at an issue price of RMB6.89 per A Share, and the Board be and is hereby authorised to do all acts and matters and sign, execute or deliver such documents (including the affixation of the common seal of the Company thereon) and take all such steps as the Board in its opinion deem necessary, desirable or expedient to implement or give effect to the Specific Mandate, where the scope of authorisation includes but is not limited to:

- (i) formulating and implementing the specific plan for the Proposed A Shares Issue according to the specific circumstances, and determining the target subscriber, issue price, number of A Shares to be issued, time of issue, starting and ending date of the issue, termination of the issue, method of subscription, subscription ratio and all other matters related to the Proposed A Shares Issue in accordance with the resolutions passed at the Meetings;
- (ii) preparing and filing the application documents in relation to the Proposed A Shares Issue in accordance with the requirements of the CSRC, and responding to the relevant questions, revising and supplementing the application documents based on the feedback from the CSRC’s audit department and the Issuance Examination Committee;
- (iii) handling matters relating to the establishment of special deposit account for raised funds;
- (iv) preparing, revising, supplementing, signing, submitting, reporting and executing all agreements and documents relating to the Proposed A Shares Issue in accordance with the relevant provisions of national laws, regulations and regulatory documents and resolutions of the Meetings;
- (v) adjusting the specific arrangements for the use of proceeds within the scope of the resolutions of the Meetings;

- (vi) adjusting the specific plan and matters relating to the Proposed A Shares Issue if laws, regulations, regulatory documents and CSRC's policy on non-public issuance of shares, or the market conditions have changed, except for matters that require new resolutions of the Meetings under the relevant laws, regulations and Articles of Association of the Company;
- (vii) after completion of the Proposed A Shares Issue, handling matters relating to registration, lock-up and listing of the A Shares issued under the Proposed A Shares Issue in the Shenzhen Stock Exchange and China Securities Depository and Clearing Co., Ltd. Shenzhen Branch;
- (viii) amending the relevant provisions in the Articles of Association of the Company to reflect the Company's new total share capital and share capital structure after the completion of the Proposed A Shares Issue in accordance with the situation of the Proposed A Shares Issue, reporting to the relevant governmental departments and supervision institutions for approval, and completing the procedure relating to the change in industrial and commercial registration;
- (ix) delegating to the chairman of the Board or other persons authorised by him to decide, handle and process all of the abovementioned matters relating to the Proposed A Shares Issue;
- (x) handling other specific matters relating to the Proposed A Shares Issue except for those matters that require new resolutions of the Meetings under the relevant laws, regulations and Articles of Association of the Company, including but not limited to amending, supplementing and signing all agreements and documents related to the Proposed A Shares Issue.

The above authorisation shall be effective for 12 months from the date of the passing of the resolution at the Meetings .”

(For details of the above Special Resolutions, please refer to the announcements of the Company dated 14 April 2021.)

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

1. Minutes of the second meeting of the tenth session of the Board;
2. Minutes of the second meeting of the tenth session of the supervisory committee; and
3. Resolutions passed at the 2021 second extraordinary meeting of the tenth session of the Board.

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

31 May 2021, Zibo, PRC

### *Notes:*

1. The register of members of the Company will be closed from 16 June 2021 to 30 June 2021 (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 Hong Kong Registrars Limited at 4:30 p.m. on Tuesday, 15 June 2021 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, 22 June 2021 and the Directors, the supervisors and the senior management of the Company are entitled to attend the AGM or any adjournment thereof.
2. H Shareholders who wish to attend the AGM 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 Tuesday, 15 June 2021.

The address of the share registrar for the Company's H Shares:  
Hong Kong Registrars Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East, Wanchai, Hong Kong

3. Shareholders who intend to attend the AGM and/or H Shareholders Class Meeting 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 (see Note 2 above) on or before 29 June 2021, by hand, by post or by facsimile. The written reply will not affect the right of the Shareholders to attend and vote at the AGM and/or H Shareholders Class Meeting.
4. Shareholders entitled to attend and vote at the AGM and/or H Shareholders Class Meeting 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 AGM and/or H Shareholders Class 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 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 authorized 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) 24 hours prior to the commencement of the AGM and/or H Shareholders Class Meeting. The completion and deposit of a form of proxy will not preclude any Shareholder from attending and voting in person at the AGM and/or H Shareholders Class Meeting or any adjournment thereof.
6. Shareholders or their proxies shall present proof of identity upon attending the AGM and/or H Shareholders Class Meeting. Should a proxy be appointed, the proxy shall also present his/her form of proxy.
7. The Meetings 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 Shareholders in respect of the AGM and the A Shareholders Class Meeting, please refer to the notice(s) to A Shareholders published by the Company on the website of the Shenzhen Stock Exchange of the even date.
11. The proposed amendments to the articles of association of the Company have been set out in the announcement of the Company dated 30 March 2021 and the circular dated 31 May 2021.

As at the date hereof, the Board comprises:

*Executive Directors:*

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

*Independent Non-executive Directors:*

Mr. Pan Guangcheng  
Mr. Zhu Jianwei  
Mr. Lo Wah Wai

*Non-executive Directors:*

Mr. Xu Lie  
Mr. Cong Kechun