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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 ANNUAL GENERAL MEETING FOR THE YEAR 2013
AND
ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR
AND
CLOSURE OF THE REGISTER OF MEMBERS
IN RELATION TO H SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the annual general meeting for the year 2013 (“**AGM**”) 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 Friday, 30 May 2014 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. To review and approve the annual report of the Company for the year 2013;
2. To review and approve the report of the board of directors of the Company (the “**Board**”) for the year 2013;
3. To review and approve the report of the supervisory committee of the Company for the year 2013;

4. To review and approve the audited financial statements for the year 2013;
5. To review and approve the profit distribution plan and the final dividend for the year 2013 as proposed by the Board on 28 March 2014;
6. To review and approve the reappointment of ShineWing (HK) CPA Limited (Certified Public Accountants in Hong Kong) and ShineWing (Certified Public Accountants in the PRC) as the international and domestic auditors respectively for the year 2014 and authorise the Board to fix their remuneration;
7. To review and approve the remuneration of the directors and the supervisors of the Company for the year 2014;
8. To consider and elect Mr. Chan Chung Kit, Lewis (see Note 1 below) as the independent non-executive director of the Company.

Shandong Xinhua Pharmaceutical Company Limited
The Board of Directors

14 April 2014

Notes:

1. **Mr. Chan Chung Kik, Lewis**, 41, has been the chief financial officer and company secretary of Xingye Copper International Group Limited since July 2007, and is responsible for the overall financial management functions of the group. Prior to joining the group, he had worked in international accounting firms for more than 8 years and served in different key roles such as chief financial officer in the PRC state-owned enterprises for about 2 years. He has more than 16 years of experience in auditing, accounting and corporate finance. He holds a bachelor degree in accounting from the University of Canberra, Australia, and is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the CPA Australia. Save as disclosed above, Mr. Chan did not hold any other directorship in any listed companies in the past three years or any other positions in the Company or other members of the Group. Mr. Chan has no relationship with any other directors, senior management or substantial or controlling shareholders of the Company.

As at the date hereof, Mr. Chan does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong). Mr. Chan has not entered into any service contract with the Company. The proposed amount of his emoluments for 2014 is approximately RMB50,000, determined by reference to his experience and the emoluments of other independent non-executive directors of the Company. The term of office of Mr. Chan will commence from the date of approval by the shareholders of the Company at the AGM and will end on the expiry of the term of the seventh session of the Board of the Company.

2. The register of members of the Company will be closed from 30 April 2014 to 30 May 2014 (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 29 April 2014 and on the register of members of the China Securities Registrar Company Limited Shenzhen Branch after the closing of Shenzhen Stock Exchange on 29 April 2014 and the directors, the supervisors and the senior officers of the Company are entitled to attend the AGM or any adjournment thereof. H shareholders of the Company who wish to attend the AGM 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 29 April 2014.

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 AGM are requested to send the completed and signed reply slip for attendance dispatched to the Company's shareholders together with the notice dated 14 April 2014 to the company secretary's office of the Company (see Note 8 below) on or before 9 May 2014, by hand, by post or by facsimile. The written reply will not affect the right of the shareholders of the Company (see Note 1 above) to attend and vote at the AGM. 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 AGM or any adjournment thereof.
4. A shareholder of the Company entitled to attend and vote at the AGM may appoint one or more proxies (whether the person is a shareholder of the Company or not) to attend and vote on his/her behalf at the AGM. When a shareholder appoints more than one proxy, such proxies may only vote on a poll. Each holder of H shares (or his/her proxy or proxies) shall be entitled to one vote for each share held.

5. Shareholders of the Company must appoint a proxy or proxies in writing i.e. the original proxy form dispatched to the Company's shareholders together with the notice dated 14 April 2014 or a copy of it, which shall be signed by the person appointing the proxy or proxies or by his/her 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 person, the legal person's 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 company secretary's office of the Company (see Note 8 below) 24 hours prior to the commencement of the AGM.
6. Shareholders of the Company or their proxies shall present proof of identity upon attending the AGM. Should a proxy be appointed, the proxy shall also present his/her form of proxy.
7. The AGM is expected to last for half a day. Shareholders of the Company who attend the AGM shall bear their own traveling and accommodation expenses.
8. The address of the company secretary's office of the Company is as follows:

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

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

Executive Directors:

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

Independent Non-executive Directors:

Mr. Zhu Baoquan
Mr. Liu Hongwei

Non-executive Directors:

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