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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 an extraordinary general meeting (the “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 Monday, 22 December 2014 at 2:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. Mr. Zhang Daiming and Mr. Du Deping be elected as executive directors of the Company and Mr. Ren Fulong, Mr. Xu Lie and Mr. Zhao Bin be elected as non-executive directors of the Company by cumulative voting*;
2. Mr. Liu Hongwei, Mr. Yu Xiong and Mr. Chan Chung Kik, Lewis be elected as independent non-executive directors of the Company by cumulative voting*;

3. Mr. Li Tianzhong, Mr. Zhang Yueshun and Mr. Tao Zhichao be elected as supervisors of the Company by cumulative voting*.

* 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.

Shandong Xinhua Pharmaceutical Company Limited

The board of directors

6 November 2014

Notes:

1. The register of members of the Company will be closed from 22 November 2014 to 22 December 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 21 November 2014 and on the register of members of the China Securities Registrar Company Limited Shenzhen Branch after the closing of Shenzhen Stock Exchange on 21 November 2014 and the directors, the supervisors and the senior officers of the Company are entitled to attend the EGM or any adjournment thereof.

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 21 November 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

2. Shareholders of the Company who intend to attend the EGM are asked to send the completed and signed reply slip for attendance dispatched to the Company's shareholders together with the circular dated 6 November 2014 to the Company Secretary's office of the Company (see Note 7 below) on or before 1 December 2014, by hand, by post or by facsimile. The written reply will not affect the right of the shareholders (see Note 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.

3. 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 behalf at the EGM. When a shareholder appoints more than one proxy, such proxies may only vote on a poll.
4. 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 circular dated 6 November 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 7 below) 24 hours prior to the commencement of the EGM.
5. 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.
6. The EGM is expected to last half a day. Shareholders who attend the EGM shall bear their own traveling and accommodation expenses.
7. 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, PRC

Postal Code: 255086

Telephone: 86 533 2196024

Facsimile: 86 533 2287508

As at the date of this notice, the board of the Company comprises:

Executive Directors:

Mr. Zhang Daiming (*Chairman*)

Mr. Du Deping

Independent Non-executive Directors:

Mr. Zhu Baoquan

Mr. Liu Hongwei

Mr. Chan Chung Kik, Lewis

Non-executive Director:

Mr. Ren Fulong

Mr. Xu Lie

Mr. Zhao Bin