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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 (“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 Friday, 26 February 2016 at 2:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolution and special resolution:

**ORDINARY RESOLUTION**

1. Mr. Xiao Fangyu (肖方玉) (see Note 1 below) be elected as a supervisor of the Company.

**SPECIAL RESOLUTION**

2. Change of the scope of business of the Company and the proposed amendments to Article 13 of the articles of association of the Company (see Note 2 below) be approved.

**Shandong Xinhua Pharmaceutical Company Limited**  
*The Board of Directors*

11 January 2016

Notes:

**1. Particulars of Mr. Xiao Fangyu**

Mr. Xiao Fangyu (肖方玉), aged 47, graduated from the Department of Mathematics of Shangdong University in 1992, and is an asset appraiser and a land valuer. He has been an officer and a director of Zichuan District Finance Bureau of Zibo city, Shandong Province\* (山東省淄博市淄川區財政局), a senior manager of Shandong Zhen Lu Certified Public Accountants Company Limited\* (山東振魯會計師事務所) and a department head of Shandong Beifang Asset Appraisal Firm\* (山東北方資產評估事務所). He currently serves as a deputy director of Jinan Branch of Zhong Xing Cai Guang Hua CPA Office Company Limited\* (中興財光華會計師事務所) and the general manager of Shandong Branch of Beijing Pan-China Assets Appraisal Company Limited\* (天健興業資產評估有限公司). Save as disclosed above, Mr. Xiao 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. Xiao has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

As at the date hereof, Mr. Xiao 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. Xiao has not entered into any service contract with the Company. His emoluments will be determined by reference to his experience and the emoluments of other supervisors of the Company. The term of office of Mr. Xiao will commence from the date of approval by the shareholders of the Company at the EGM and will end on the expiry of the term of the eighth session of the Supervisory Committee of the Company.

Save as disclosed herein, there is nothing in respect of Mr. Xiao which needs to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong nor is there anything that needs to be brought to the attention of the shareholders of the Company.

**2. Original Article 13 of the Articles of Association:**

“The scope of operations of the Company shall be that approved by the companies registration authorities of the State Council.

The scope of the Company’s businesses covers production of chemical medicine, chemical raw materials, food additive, healthcare food, solid beverage, pharmaceutical equipment, medicine inspection instruments and apparatus; technology transfer, service, consultancy and training for projects independently developed by the Company; sale of the enterprise’s own products.”

Be amended to:

“The scope of business of the Company shall be that approved by the companies registration authorities.

The scope of the Company’s business covers production of medicine, chemical raw materials, food additives, healthcare food, solid beverages, veterinary products, fish oil, pharmaceutical equipment, medicine inspection instruments and apparatus; technology transfer, service, consultancy and training for projects independently developed by the Company; sale of the enterprise’s own products.”

3. The register of members of the Company will be closed from 29 January 2016 to 26 February 2016 (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 28 January 2016 or on the register of members of the China Securities Registrar Company Limited Shenzhen Branch after the closing of Shenzhen Stock Exchange on 19 February 2016, 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 28 January 2016.

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

4. Shareholders of the Company who intend to attend the EGM are asked to send the completed and signed reply slip dispatched to the Company's shareholders together with this notice to the Company Secretary's Office of the Company (see Note 9 below) on or before 6 February 2016, by hand, by post or by facsimile for attendance. The written reply will not affect the right of the shareholders (see Note 3 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.
5. 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.
6. 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 this notice 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 9 below) 24 hours prior to the commencement of the EGM.

7. 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.
8. The EGM is expected to last half a day. Shareholders who attend the EGM shall bear their own traveling and accommodation expenses.
9. 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 directors 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. Li Wenming  
Mr. Du Guanhua  
Mr. Chan Chung Kik, Lewis

\* *for identification purpose*