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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)

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

Reference is hereby made to the notice (the “**Initial Notice**”) of the annual general meeting (the “**AGM**”) of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) dated 15 May 2018 which set out the resolutions to be considered and, if thought fit, approved by shareholders of the Company at the AGM to be held at 2:00 p.m. on Friday, 29 June 2018 at the Company’s conference room at No. 1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province, the People’s Republic of China. This supplemental notice (the “**Supplemental Notice**”) shall be read together with the Initial Notice.

Unless otherwise stated, capitalised terms used in this Supplemental Notice shall have the same meanings as those defined in the Initial Notice.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the AGM, to be held on the same date, at the same time and at the same place as scheduled in the Initial Notice, will consider and, if thought fit, approve the following ordinary resolution in addition to the resolutions set out in the Initial Notice:

ORDINARY RESOLUTION

10. To consider and approve the appointment of Mr. Lo Wah Wai as an independent non-executive director of the ninth session of the Board. ^{Note 10}

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

8 June 2018, Zibo, PRC

Notes:

1. Please refer to the Initial Notice for details of other resolutions to be proposed at the AGM, closure of register of members in relation to the Meetings, qualification of the Shareholders for attending the AGM, registration procedures for attending the AGM and other relevant matters.
2. As the initial proxy form for the AGM (the “**Initial Proxy Form**”) which was sent together with the Initial Notice does not contain the additional resolution as set out in this Supplemental Notice, a revised proxy form for the AGM (the “**Revised Proxy Form**”) is sent together with this Supplemental Notice. Any H Shareholder who intends to appoint a proxy to attend the AGM and have not lodged the Initial Proxy Form is required to complete and lodge the Revised Proxy Form in accordance with the instructions printed thereon and lodging the Initial Proxy Form is not required. The Revised Proxy Form should be lodged to the office of the secretary to the Board (see Note 6 below) or with Hong Kong Registrars Limited, the share registrar for the Company’s H Shares, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. The Revised Proxy Form should be lodged no less than 24 hours before the time for the holding of the AGM (or any adjournment thereof) (the “**Closing Time**”).
3. Any H Shareholder who has already lodged the Initial Proxy Form with the Company should note that:
 - (i) where no Revised Proxy Form is lodged, the Initial Proxy Form, if duly completed in compliance with the instructions printed thereon and lodged before the Closing Time, will be treated as a valid proxy form lodged by such H Shareholder. The proxy so appointed by the H Shareholder will be entitled to vote or to abstain from voting on any resolution put to the AGM, including to vote or abstain at his/her discretion on the resolution as set out in this Supplemental Notice.
 - (ii) if a Revised Proxy Form duly completed in compliance with the instructions printed thereon is lodged before the Closing Time, the Initial Proxy Form previously lodged by the H Shareholder will be revoked and superseded. The Revised Proxy Form will then be treated as a valid proxy form lodged by the H Shareholder.
 - (iii) if the Revised Proxy Form is lodged after the Closing Time or is lodged before the Closing Time but is otherwise not in compliance with the instructions printed thereon, the Revised Proxy Form will be invalid, but any Initial Proxy Form duly completed in compliance with the instructions printed thereon and previously lodged before the Closing Time will entitle the proxy so appointed to vote in the manner as provided for in Note 3(i) above as if no Revised Proxy Form was lodged.
4. Shareholders entitled to attend and vote at the AGM 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. 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. in respect of H Shareholders, the Revised Proxy Form despatched to the H Shareholders together with this Supplemental 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 Revised Proxy Form is signed by an attorney, the document appointing the attorney must be certified by a notary public. If the appointing H 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 notarially certified power of attorney or other authority (if any) and the Revised Proxy Form must be received by the office of the secretary to the Board (see Note 6 below) or the share registrar for the Company's H Shares (see Note 2 above) 24 hours prior to the commencement of the AGM. The completion and deposit of the Revised Proxy Form will not preclude any Shareholder from attending and voting in person at the AGM or any adjournment thereof.
6. 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
7. Shareholders 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.
8. All references to time herein refer to Hong Kong time.
9. This Supplemental Notice and the Revised Proxy Form enclosed herewith apply to H Shareholders only; for the arrangements applicable to the A Shareholders, please refer to the notice(s) to A Shareholders published by the Company on the website of the Shenzhen Stock Exchange on 15 May 2018 and the supplemental notice(s) to A Shareholders of even date with this Supplemental Notice.
10. The biographical details and the details of the proposed appointment of Mr. Lo Wah Wai have been set out in the announcement of the Company dated 17 May 2018. Having considered each of the factors referred to in Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and given that the Board is not aware of any past or present financial or other interest of Mr. Lo in the business of the Group, any connection between Mr. Lo and the close connected persons of the Company or of any other factors that may affect Mr. Lo's independence from the Company, the Board considers Mr. Lo to be independent under the meaning of Rule 3.13 of Listing Rules and believes Mr. Lo, a practising member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants, should be elected for filling the upcoming vacancy resulting from Mr. Chan Chung Kik, Lewis' resignation from independent non-executive directorship of the Company and the chairmanship and membership of the Audit Committee and the Remuneration and Examination Committee of the Board respectively. For details of the resignation of Mr. Chan Chung Kik, Lewis, please refer to the announcement of the Company dated 25 April 2018.

DOCUMENTS AVAILABLE FOR INSPECTION

- a. Resolutions passed at the third regular meeting of the ninth session of the Board;
and
- b. Resolutions passed at the third extraordinary meeting of the ninth session of the Board for year 2018.

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. Chan Chung Kik, Lewis