



山東新華製藥股份有限公司

Shandong Xinhua Pharmaceutical Company Limited

(a joint stock limited 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 of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) will be held at the Company’s conference room at No. 14 Dongyi Road, Zhangdian District, Zibo City, Shandong Province, The People’s Republic of China (the “**PRC**”) on 22 December 2008 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

“THAT:

- (1) the agreement entered into between the Company and L. Perrigo Company dated 7 October 2008 and the proposed annual caps of RMB48,000,000, RMB80,000,000 and RMB88,000,000 for 2008, 2009 and 2010 respectively for the transactions to be entered into pursuant to such agreement be and are hereby approved and confirmed;
- (2) the agreement entered into between the Company and Eastwest dated 9 October 2008 and the proposed annual caps of RMB8,000,000 and RMB12,000,000 for 2008 and 2009 respectively for the transactions to be entered into pursuant to such agreement be and hereby approved and confirmed;
- (3) the continuing connected transactions between the Company and Perrigo Company in 2007 and 2008, and between Shandong Xinhua Pharmaceutical Import and Export Company Limited and Perrigo Company in 2007 be and are hereby ratified, approved and confirmed;
- (4) Ms. Guo Qin, Mr. Ren Fulong and Mr. Zhao Songguo be re-elected as executive Director and Mr. Liu Zhenwen and Mr. Li Tianzhong be re-elected as non-executive Directors of the Company by cumulative voting*;
- (5) Mr. Xu Guojun, Mr. Sun Minggao, Mr. Zhu Baoquan and Mr. Kwong Chi Kit be re-elected or elected as independent non-executive Directors of the Company by cumulative voting;
- (6) Mr. Yu Gongfu, Mr. Gao Qinggang, Mr. Zhang Yueshun and Mr. Tao Zhichao be

re-elected as Supervisors of the Company.”

*When Directors 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 to be elected. A Shareholder can give all his or her votes to one candidate of Director or divide his or her votes among several candidates of Directors. Directors are elected at the EGM based on the total number of votes he or she receives.

Shandong Xinhua Pharmaceutical Company Limited

The Board of Directors

5 November 2008

Notes:

1. The register of members of the Company will be closed from 22 November 2008 to 22 December 2008 (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 before 4:00 p.m. on 21 November 2008 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 2008 and the Directors, the Supervisors and the senior officers of the Company are entitled to attend the EGM or any adjournment thereof.
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 Shareholders together with the circular dated 5 November 2008 to the Company secretary's office of the Company (see Note 7 below) on or before 1 December 2008, 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 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. Each holder of H shares (or his/her proxy or proxies) shall be entitled to one vote for each share held.
4. Shareholders of the Company must appoint a proxy or proxies in writing i.e. the original proxy form dispatched to the Shareholders together with the circular dated 5 November 2008 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. A form of proxy for use at the EGM is dispatched to the Company's Shareholders together with the circular dated 5 November 2008.

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:

14 Dongyi Road, Zhangdian District, Zibo City, Shandong Province, PRC
Postal Code: 255005
Telephone: 86 533 2196025
Facsimile: 86 533 2287508

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

Executive Directors:

Ms. Guo Qin (Chairman)
Mr. Ren Fulong
Mr. Zhao Zongguo

Independent Non-executive Directors:

Mr. Dai Qingjun
Mr. Xu Guojun
Mr. Sun Minggao

Non-executive Director:

Mr. Liu Zhenwen
Mr. Li Tianzhong