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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shandong Xinhua Pharmaceutical Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED ELECTION OF DIRECTORS AND SUPERVISORS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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A notice convening an extraordinary general meeting of the Company to 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 on Monday, 22 December, 2014 at 2:00 p.m. is set out on pages 11 to 13 of this circular. Whether or not you are able to attend the meeting, we encourage you to complete and return the enclosed form of proxy and ballot in accordance with the instructions printed thereon, as soon as possible and in any event not less than 24 hours prior to the commencement of the extraordinary general meeting to the Company Secretary's office of the Company at No. 1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province, The People's Republic of China.

Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

In the case of any discrepancy, the Chinese text of this circular shall prevail over the English text.

6 November 2014

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## DEFINITIONS

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*In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:*

“Articles of Association”	the articles of association of the Company;
“Board”	the board of Directors;
“Company”	山東新華製藥股份有限公司 (Shandong Xinhua Pharmaceutical Company Limited), a joint stock company incorporated in the PRC with limited liability;
“Directors”	the directors of the Company;
“EGM”	The extraordinary general meeting of the Company to be held on 22 December 2014;
“Group”	The Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supervisors”	the supervisors of the Company;
“Supervisory Committee”	the supervisory committee of the Company; and
“SXPGC”	山東新華醫藥集團有限責任公司 (Shandong Xinhua Pharmaceutical Group Company Limited), a wholly-state-owned company which holds and owns 35.32% of the total issued share capital of the Company and is currently the largest shareholder of the Company.



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)

*Executive Directors:*

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

*Registered Address:*

Chemical Industry Area of Zibo Hi-tech  
Industry Development Zone, Zibo City,  
Shandong Province, PRC

*Non-executive Director:*

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

*Independent Non-executive Directors:*

Mr. Zhu Baoquan  
Mr. Liu Hongwei  
Mr. Chan Chung Kik, Lewis

6 November 2014

*To the Shareholders*

Dear Sir or Madam,

**I. INTRODUCTION**

The purpose of this circular is to provide you with the information regarding the resolutions to be proposed at the EGM. This include: ordinary resolutions proposing the election of Directors and Supervisors. A notice convening the EGM is set out on pages 11 to 13 of this circular.

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## LETTER FROM THE BOARD

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### II. PROPOSED ELECTION OF DIRECTORS AND SUPERVISORS

The Board currently comprises eight Directors including Zhang Daiming being the chairman and the executive Director, Du Deping being the executive Director, Ren Fulong, Xu Lie and Zhao Bin being non-executive Directors and Zhu Baoquan, Liu Hongwei and Chan Chung Kik, Lewis being independent non-executive Directors. The Supervisory Committee comprises four Supervisors namely, Li Tianzhong, Hu Yanhua, Zhang Yueshun and Tao Zhichao. In accordance with Articles 91 and 112 of the Articles of Association, all Directors and Supervisors shall hold office for a term of three years and may offer themselves for re-election.

All the following candidates will be elected at the EGM by ordinary resolutions passed by the Shareholders attending the EGM. The new term of office of the elected Directors and the Supervisors will be for a period of three years, which will commence on the date of the EGM and will expire on the completion of the term of office.

#### A. Executive Directors proposed to be elected

##### 1. Mr. Zhang Daiming

**Mr. Zhang Daiming**, aged 52, is a senior economist. He graduated from Qingdao Science and Technology University, specialising in organic chemical engineering and obtained a master's degree in economics from Shanghai Financial and Economic University. Mr. Zhang joined Shangdong Xinhua Pharmaceutical Factory in 1987 and was previously a workshop technician, planner of the planning and statistics department of the Company, the deputy manager and manager of the international trade department of the Company and the deputy general manager of the Company. Mr. Zhang is the chairman of the board of the Company, the chairman of the board of SXPGC, and Shandong Xinhua Pharmaceutical (Europe) GmbH, the executive director of Shandong Xinhua Import & Export Company Limited, the chairman of the board of Zibo Xinhua Eastwest Pharmaceutical Company Limited, Zibo Xinhua-Perrigo Pharmaceutical Company Limited, and Xinhua (Zibo) Real Estate Company Limited and Shandong Xinhua Pharmaceutical (USA) Company Limited. Save as disclosed above, Mr. Zhang 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. Zhang has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

As at the date hereof, Mr. Zhang does not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Zhang has not entered into any service contract with the Company. The proposed amount of his emoluments for 2014 is approximately RMB400,000, determined by reference to his experience and the emoluments of other executive Directors of the Company. The term of office of Mr. Zhang will commence from the date of approval by the Shareholders at the EGM and will end on the expiry of the term of the eighth session of the Board of the Company.

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## LETTER FROM THE BOARD

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### 2. Mr. Du Deping

**Mr. Du Deping**, aged 45, is a senior engineer. He graduated from the Ocean University of PRC, specialising in chemistry and obtained a master's degree in medicinal chemistry from Shandong University. He joined Shandong Xinhua Pharmaceutical Factory in 1991. He was previously a deputy head and head of the workshop, assistant to the general manager of the Company and deputy general manager of the Company. Mr. Du is currently a Director and the general manager of the Company, and the chairman of the board of Shandong Xinhua Pharmaceutical Chemical Design Company Limited, and Xinhua Pharmaceutical (Shouguang) Company Limited and Shandong Xinhua Electrical and Mechanical Engineering Company Limited. Save as disclosed above, Mr. Du 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. Du has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

As at the date hereof, Mr. Du does not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Du has not entered into any service contract with the Company. The proposed amount of his emoluments for 2014 is approximately RMB360,000, determined by reference to his experience and the emoluments of other executive Directors of the Company. The term of office of Mr. Du will commence from the date of approval by the Shareholders at the EGM and will end on the expiry of the term of the eighth session of the Board of the Company.

### B. Non-executive Directors proposed to be elected

#### 1. Mr. Ren Fulong

**Mr. Ren Fulong**, aged 52, is a researcher and practising pharmacist. He graduated from Shandong Changwei Medicine College in 1985. From 1985 to 1988, Mr. Ren was a resident physician. In 1991, Mr. Ren obtained his master of medicine from Beijing Medical University and joined Shandong Xinhua Pharmaceutical Factory in the same year. He previously held the positions of the deputy director and the director of the Company's research institute, the assistant to the general manager and the deputy general manager of the Company, the deputy general manager of SXPGC and the general manager of the Company. Mr. Ren is a Director of the Company, the director and general manager of SXPGC. Save as disclosed above, Mr. Ren 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. Ren has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

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## LETTER FROM THE BOARD

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As at the date hereof, Mr. Ren does not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Ren has not entered into any service contract with the Company. The proposed amount of his emoluments for 2014 is approximately RMB360,000, determined by reference to his experience and the emoluments of other non-executive Directors of the Company. The term of office of Mr. Ren will commence from the date of approval by the Shareholders at the EGM and will end on the expiry of the term of the eighth session of the Board of the Company.

**2. Mr. Xu Lie**

**Mr. Xu Lie**, aged 48, is a senior economist and is a university graduate. He joined Shandong Xinhua Pharmaceutical Factory in 1986 and has been the deputy director and the director of the office, the deputy head of the office, and the manager of the human resource department. Mr. Xu is currently a Director and the chairman of the labour union of the Company, and a director and the chairman of the labour union of SXPGC. Save as disclosed above, Mr. Xu 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. Xu has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

As at the date hereof, Mr. Xu does not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Xu has not entered into any service contract with the Company. The proposed amount of his emoluments for 2014 is approximately RMB270,000, determined by reference to his experience and the emoluments of other non-executive Directors of the Company. The term of office of Mr. Xu will commence from the date of approval by the Shareholders at the EGM and will end on the expiry of the term of the eighth session of the Board of the Company.

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## LETTER FROM THE BOARD

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### 3. Mr. Zhao Bin

**Mr. Zhao Bin**, aged 56, graduated from Zhongnan University of Economics and Law with EMBA. He joined the People's Liberation Army in 1976, previously held the positions of soldier, the ex-officio of deputy company, the ex-officio of company, the ex-officio of deputy battalion, deputy director and director of the political department of Jinan Military Region and Shandong Province Military Region. Mr. Zhao has worked in the enterprise since 1998. He previously held the positions of investment manager and office general manager of Shandong Hualu Group Company Limited, deputy general manager of Shandong Hualu International Business Center Company Limited and general manager of the development planning department of Hualu Holdings Group Company Limited. Mr. Zhao is the assistant general manager, general manager of the development planning department and director of the office of legal affairs of Hualu Holdings Group Company Limited. Mr. Zhao is a Director of the Company. Save as disclosed above, Mr. Zhao 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. Zhao has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

As at the date hereof, Mr. Zhao does not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Zhao has not entered into any service contract with the Company. The proposed amount of his emoluments for 2014 is approximately RMB70,000, determined by reference to his experience and the emoluments of other non-executive Directors of the Company. The term of office of Mr. Zhao will commence from the date of approval by the Shareholders at the EGM and will end on the expiry of the term of the eighth session of the Board of the Company.

### C. Independent non-executive Directors proposed to be elected

#### 1. Mr. Liu Hongwei

**Mr. Liu Hongwei**, aged 51, a professor with doctor's degree, is a certified public accountant in China. Mr. Liu was previously the deputy head of Management School of Shandong University, and is currently the head of the Financial Department of Shandong University, the independent director of Shandong Dong-E E-jiao Co., Ltd., Tungkong Inc. and Minsheng Holdings Co., Ltd, and the independent non-executive Director of the Company. Save as disclosed above, Mr. Liu 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. Liu has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

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## LETTER FROM THE BOARD

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As at the date hereof, Mr. Liu does not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Liu has not entered into any service contract with the Company. The proposed amount of his emoluments for 2014 is approximately RMB70,000, determined by reference to his experience and the emoluments of other independent non-executive Directors of the Company. The term of office of Mr. Liu will commence from the date of approval by the Shareholders at the EGM and will end on the expiry of the term of the eighth session of the Board of the Company.

### 2. Mr. Yu Xiong

**Mr. Yu Xiong**, aged 53, Mr. Yu graduated from Fudan University majoring in Chemistry, and obtained his bachelor's degree in July 1984. Mr. Yu is currently a researcher of China State Institute of Pharmaceutical Industry, a part-time professor of Shanghai Jiao Tong University and East China Normal University, and the chairman of the Pharmaceutical Engineering Expert Committee of the Chinese Pharmaceutical Association. He has been received a special allowance issued by the government in 1999. He has been an independent director of Shandong Lukang Pharmaceutical Group Co., Ltd. a director of Shanghai Shyndec Pharmaceutical Co., Ltd. and an independent director of Guangdong Taiantang Pharmaceutical Co., Ltd. Mr. Yu has been an independent non-executive director of Livzon Pharmaceutical Group Inc. since September 2013. Save as disclosed above, Mr. Yu 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. Yu has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

As at the date hereof, Mr. Yu does not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Yu 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 independent non-executive Directors of the Company. The term of office of Mr. Yu will commence from the date of approval by the Shareholders at the EGM and will end on the expiry of the term of the eighth session of the Board of the Company.

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## LETTER FROM THE BOARD

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### 3. Mr. Chan Chung Kik, Lewis

**Mr. Chan Chung Kik, Lewis**, aged 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. Mr. Chan is an independent non-executive Director of the Company. 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 SFO. 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 EGM and will end on the expiry of the term of the eighth session of the Board of the Company.

### D. Supervisors proposed to be elected

#### 1. Mr. Li Tianzhong

**Mr. Li Tianzhong**, aged 51, is a senior engineer. He graduated from the Shandong Institute of Technology, specialising in industry automation. He joined Shandong Xinhua Pharmaceutical Factory in 1983. Mr. Li was the engineer and director of the electric motor workshop, manager of the trade department, supply and marketing department and drug department of the Company, Director of the Company, assistant to the general manager, director and deputy general manager of Xinhua Lukang Pharmaceutical Group Corporation, director and deputy general manager of SXPGC. Mr. Li is currently the chairman of the Supervisory Committee of the Company and a deputy general manager of SXPGC and the chairman of Shandong Zibo XinCat Pharmaceutical Company Limited. Save as disclosed above, Mr. Li 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. Li has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

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## LETTER FROM THE BOARD

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As at the date hereof, Mr. Li does not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Li has not entered into any service contract with the Company. The proposed amount of his emoluments for 2014 is approximately RMB270,000, determined by reference to his experience and the emoluments of other Supervisors of the Company. The term of office of Mr. Li 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.

### 2. Mr. Zhang Yueshun

**Mr. Zhang Yueshun**, aged 65, is a senior accountant, a certified public accountant and a certified public assessor of the PRC. Mr. Zhang was the controller of an enterprise, the deputy chief of Zibo Office affiliated to the Enterprise Department of the Ministry of Finance of the PRC, the vice director of the Zibo Municipal State-owned Assets Administration and the chief accountant of Shandong Zibo Accountant Firm. Mr. Zhang is currently a senior consultant of Zibo Puhua Accountant Firm and an independent Supervisor of the Company. Save as disclosed above, Mr. Zhang 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. Zhang has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

As at the date hereof, Mr. Zhang does not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Zhang has not entered into any service contract with the Company. The proposed amount of his emoluments for 2014 is approximately RMB30,000, determined by reference to his experience and the emoluments of other Supervisors of the Company. The term of office of Mr. Zhang 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.

### 3. Mr. Tao Zhichao

**Mr. Tao Zhichao**, aged 45, graduated from East China University of Politics and Laws and obtained a bachelor's degree in law. Mr. Tao was also conferred a master's degree in law from Shandong University. Mr. Tao is a partner of Shandong Zhigong Associates, the legal consultant for the People's Government of Zibo, Shandong and an independent Supervisor of the Company. Save as disclosed above, Mr. Tao 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. Tao has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

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## LETTER FROM THE BOARD

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As at the date hereof, Mr. Tao does not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Mr. Tao has not entered into any service contract with the Company. The proposed amount of his emoluments for 2014 is approximately RMB30,000, determined by reference to his experience and the emoluments of other Supervisors of the Company. The term of office of Mr. Tao 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.

### **E. Employee Supervisor**

Ms. Hu Yanhua was appointed as employee Supervisor of the Company by the employee's representatives meeting held on 18 July 2011. Pursuant to the Article 113 of the Articles of Association, an employee Supervisor needs not be elected by the Shareholders. Share will automatically be appointed as a Supervisor of the eighth Supervisory Committee of the Company.

**Ms. Hu Yanhua**, aged 40, graduated from Shandong University. She has also received a postgraduate education and is a master of Economics. She joined the Company in 1996. Ms. Hu was the deputy secretary of the Youth League Committee of Xinhua Lukang Pharmaceutical Group Corporation and the director of office of Trade Unions of SXPGC and the Company. Ms. Hu is currently the secretary of the political affairs department, the secretary of the Youth League Committee, and employee Supervisor of the Company. Save as disclosed above, Ms. Hu 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. Ms. Hu has no relationship with any other Directors, senior management or substantial or controlling shareholders of the Company.

As at the date hereof, Ms. Hu does not have any interest in the shares of the Company within the meaning of Part XV of the SFO. Ms. Hu has not entered into any service contract with the Company. The proposed amount of her emoluments for 2014 is approximately RMB80,000, determined by reference to her experience and the emoluments of other Supervisors of the Company.

All of the above persons have nothing to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules nor is there anything that needs to be brought to the attention of the Shareholders.

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## LETTER FROM THE BOARD

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### III. EXTRAORDINARY GENERAL MEETING

The Board has resolved to convene the EGM to consider and, if thought fit, to pass the resolutions in relation to the election of Directors and Supervisors by the Shareholders. Notice of the EGM is set out on pages 11 to 13 of this circular. 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 Friday, 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 Friday, 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. A form of proxy for use at the EGM is enclosed herein. Whether or not you are able to attend the EGM, we encourage you to complete and return the enclosed form of proxy and ballot in accordance with the instructions printed thereon, as soon as possible and in any event not less than 24 hours prior to the commencement of the EGM, to the office of the company secretary of the Company at No. 1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province, PRC.

Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

### IV. VOTE BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of Shareholders at the EGM shall be taken by poll.

### V. RECOMMENDATION OF THE BOARD OF DIRECTORS

The Board considers that the proposed election of Directors and Supervisors is fair and reasonable so far as the Shareholders are concerned.

### VI. RESPONSIBILITY STATEMENT

The Board and each of the Directors confirm that there are no false representations, material omissions or misleading statements contained in this circular, and they, jointly and severally, accept full responsibility for the truthfulness, accuracy and completeness of the contents of this circular.

Yours faithfully,  
By order of the Board of Directors  
**Shangdong Xinhua Pharmaceutical Company Limited**  
**Zhang Daiming**  
*Chairman*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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 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

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*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

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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

*Executive Directors:*

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

*Non-executive Director:*

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

*Independent Non-executive Directors:*

Mr. Zhu Baoquan  
Mr. Liu Hongwei  
Mr. Chan Chung Kik, Lewis