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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: 00719)

**NOTICE OF EXTRAORDINARY GENERAL MEETING AND OF
H SHAREHOLDERS' CLASS MEETING**

NOTICE IS HEREBY GIVEN that the board of directors (the “**Board**”) of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) has decided to hold an extraordinary general meeting (the “**EGM**”), the Class Meeting (the “**A Shareholders Class Meeting**”) of the Shareholders of A Shares (the “**A Shareholders**”) and the Class Meeting (the “**H Shareholders Class Meeting**”; together with the EGM and the A Shareholders Class Meeting, the “**Meetings**”) of the Shareholders of H Shares (the “**H Shareholders**”; together with the A Shareholders, the “**Shareholders**”) of the Company from 2 p.m. on 31 December 2021, Friday.

The details of the Meetings are provided as follows:

A. CONVENING OF THE MEETINGS

1. Time of the Meetings

The EGM and the H Shareholders Class Meeting will commence at 2:00 p.m. and 4:00 p.m. (or immediately after the conclusion or adjournment of the A Shareholders Class Meeting) respectively on 31 December 2021, Friday.

2. Venue of the physical Meetings

The Meetings 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").

3. Convenor

The Meetings were convened by the Board.

4. Ways of conducting the Meetings

The A Shareholders or the duly appointed proxies thereof may vote at the EGM and the A Shareholders Class Meeting by way of physical voting or online voting, whereas the H Shareholders or the duly appointed proxies thereof may vote at the EGM and the H Shareholders Class Meeting by way of physical voting.

5. Eligible attendees

(1) Shareholders

The EGM:

All the A Shareholders whose names appear on the register of members, kept by China Securities Depository and Clearing Corporation Limited, Shenzhen Office, as at the close of A share trading session on Shenzhen Stock Exchange on 28 December 2021, Tuesday.

For information on the attendance of the A Shareholders, please refer to the notice(s) to A Shareholders in respect of the EGM and A Shareholders Class Meeting published by the Company on the website of the Shenzhen Stock Exchange of even date.

All the H Shareholders whose names appear on the register of members of H shares of the Company ("H Shares") at 4:30 p.m. on 16 December 2021, Thursday.

The H Shareholders Class Meeting:

All the H Shareholders whose names appear on the register of members of H Shares on 16 December 2021, Thursday after 4:30 p.m.

- (2) Proxies duly appointed by the Shareholders;
- (3) Directors (“**Directors**”), supervisors (“**Supervisors**”) and senior management (with the meaning ascribed thereto under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), (the “**Senior Management**”) of the Company;
- (4) Legal advisers to the Company; and
- (5) Auditors of the Company.

B. MATTERS FOR CONSIDERATION AND APPROVAL AT THE EGM

The following resolutions will be submitted for consideration and approval at the EGM:

Special Resolutions *Note 11*

1. To consider and approve the proposed Share Option Scheme of the Company, the proposed Grant of Options (including the Initial Grant and the Reserved Grant) thereunder and a summary thereof (copies of which were tabled at the meeting and marked “**A**” and “**B**” respectively and initialed by the chairperson of the meeting for identification purpose).

“**THAT** the Share Option Scheme and the summary thereof (copies of which were tabled at the meeting and marked “**A**” and “**B**” respectively and initialed by the chairperson of the meeting for identification purpose) be and is hereby approved and adopted.”

2. To consider and approve the assessment methods in respect of the implementation and management of the Share Option Scheme (a copy of which were tabled at the meeting and marked “**C**” and initialed by the chairperson of the meeting for identification purpose) (the “**Assessment Methods**”, and together with the Share Option Scheme, collectively, the “**Scheme Documents**”).

“**THAT** the Assessment Methods thereof (of which a copy was tabled at the meeting and marked “**C**” and initialed by the chairperson of the meeting for identification purpose) be and is hereby approved.”

3. To authorise the Board throughout the Validity Period to determine and deal with and to make delegations as appropriate to deal with any matters in relation to, in furtherance of, for the implementation and management of and/or for the construction or interpretation of the Scheme Documents pursuant to Shareholders’ approval and to the applicable laws, rules and regulations.

“**THAT** the Board be and is hereby authorised throughout the Validity Period of the Share Option Scheme to determine and deal with and to make delegations to deal with all matters in relation to, in furtherance of, for the implementation and management of and/or for the construction or interpretation of the Scheme Documents pursuant to Shareholders’ approval and to the applicable laws, rules and regulations including without limitation to the Grant of Options (including the Initial Grant and the Reserved Grant) to Participants eligible or specified under the Scheme Documents, the issuance of the underlying Shares on the exercise of the Options and any registration, filing or procedures otherwise for such purposes as the listing of the issued Shares on the Shenzhen Stock Exchange, and any adjustment of the Options, the Grant (including the Initial Grant and the Reserved Grant) or the Scheme Documents to the extent permissible under such applicable laws, rules and regulations as the Listing Rules and pursuant to the approval of the Shareholders hereof and the terms of the Scheme Documents.”

Ordinary Resolutions *Note 12*

To consider and approve the Shandong Lukang Agreement dated 23 November 2021, the China Shandong Agreement dated 23 November 2021 and the Hualu Hengsheng Agreement dated 23 November 2021 (collectively, the “**CCT Agreements**”), their respective annual caps and the continuing connected transactions contemplated thereunder.

C. MATTERS FOR CONSIDERATION AND APPROVAL AT THE H SHAREHOLDERS CLASS MEETING

The following resolutions will be submitted for consideration and approval at the H Shareholders Class Meeting:

Special Resolutions *Note 11*

1. To consider and approve the proposed Share Option Scheme of the Company, the proposed Grant of Options (including the Initial Grant and the Reserved Grant) thereunder, and a summary thereof.

“**THAT** the Share Option Scheme, the proposed Grant of Options (including the Initial Grant and the Reserved Grant) thereunder and the summary thereof (copies of which were tabled at the meeting and marked “**A**” and “**B**” respectively and initialed by the chairperson of the meeting for identification purpose) be and is hereby approved and adopted.”

2. To consider and approve the Assessment Methods.

“**THAT** the Assessment Methods thereof (of which a copy was tabled at the meeting and marked “C” and initialed by the chairperson of the meeting for identification purpose) be and is hereby approved.”

3. To authorise the Board throughout the Validity Period to determine and deal with and to make delegations as appropriate to deal with any matters in relation to, in furtherance of, for the implementation and management of and/or for the construction or interpretation of the Scheme Documents pursuant to Shareholders’ approval and to the applicable laws, rules and regulations.

“**THAT** the Board be and is hereby authorised throughout the Validity Period of the Share Option Scheme to determine and deal with and to make delegations to deal with all matters in relation to, in furtherance of, for the implementation and management of and/or for the construction or interpretation of the Scheme Documents pursuant to Shareholders’ approval and to the applicable laws, rules and regulations including without limitation to the Grant of Options (including the Initial Grant and the Reserved Grant) to Participants eligible or specified under the Scheme Documents, the issuance of the underlying Shares on the exercise of the Options and any registration, filing or procedures otherwise for such purposes as the listing of the issued Shares on the Shenzhen Stock Exchange, and any adjustment of the Options, the Grant (including the Initial Grant and the Reserved Grant) or the Scheme Documents to the extent permissible under such applicable laws, rules and regulations as the Listing Rules and pursuant to the approval of the Shareholders hereof and the terms of the Scheme Documents.”

D. REGISTRATION OF THE MEETINGS

1. The register of members of the Company will be closed from 17 December to 31 December 2021 (both days inclusive), during which period no H Share transfers will be registered. Shareholders whose names appear on the register of members of the Company kept by the Hong Kong Registrars Limited at 4:30 p.m. on 16 December 2021, Thursday and on the register of members kept by the China Securities Registrar Company Limited Shenzhen Branch after the closing of Shenzhen Stock Exchange on 28 December 2021, Tuesday and the Directors, the Supervisors and the Senior Management are entitled to attend the EGM or any adjournment thereof.
2. H Shareholders who wish to attend the EGM shall lodge their share transfer instruments accompanied by the relevant share certificates with the share registrar for the Company’s H Shares not later than 4:30 p.m. on 16 December 2021, Thursday.

The address of the share registrar for the Company's H Shares:

Hong Kong Registrars Limited
Rooms 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

3. Shareholders who intend to attend the EGM and/or H Shareholders Class Meeting are requested to send the completed and signed reply slip for attendance despatched to the Shareholders together with this notice to the office of the secretary to the Board (see Note 8 below) or to the share registrar for the Company's H Shares (see Note 2 above) on or before 30 December 2021, by hand, by post or by facsimile. The written reply will not affect the right of the Shareholders to attend and vote at the EGM and/or the H Shareholders Class Meeting.
4. Shareholders entitled to attend and vote at the EGM and/or the H Shareholders Class Meeting 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 EGM and/or the H Shareholders Class Meeting. 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. the proxy forms ("**Proxy Forms**") despatched to the Company's shareholders together with this notice or a copy thereof, 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 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 entity, its seal or the signature of its director(s) or representative(s) duly authorised in writing is required. To be valid, a notarised power of attorney or other authority (if any) and the forms of proxy must be received by the office of the secretary to the Board (see Note 8 below) 24 hours prior to the commencements of the EGM and the H Shareholders Class Meeting (as the case may be). The completion and deposit of a form of proxy will not preclude any Shareholder from attending and voting in person at the EGM and/or the H Shareholders Meeting (as the case may be) or any adjournment thereof.
6. Shareholders or their proxies shall present proof of identity as required upon attending the EGM and/or the H Shareholders Class Meeting (as the case may be). Should a proxy be appointed, the proxy shall also present his/her form of proxy.
7. The Meetings are expected to last half a day. Shareholders who attend any of the Meetings shall bear their own traveling and accommodation expenses.

8. 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

9. All references to time herein refer to Hong Kong time.
10. For the arrangements applicable to the A Shareholders in respect of the EGM and the A Shareholders Class Meeting, please refer to the notice(s) to A Shareholders published by the Company on the website of the Shenzhen Stock Exchange of even date.
11. The principal terms of the Scheme Documents have been set out in the announcement of the Company dated 29 October 2021 and all capitalised terms under these resolutions and this note shall have the same meanings as defined in the abovementioned announcement. A circular containing, amongst others, a summary of the terms of the Scheme Documents, the proposed exercise price of the Options, the methods and procedures for adjusting the number and the exercise price of the Options, the proposed Participants and the proposed Grant has been despatched to Shareholders as at the date of this notice in due course.
12. The details of the CCT Agreements, their respective annual caps and the continuing connected transactions contemplated thereunder and the regulatory implications thereof have been set out in the announcement of the Company dated 23 November 2021. A circular in relation thereto has been despatched to H Shareholders as at the date of this notice in due course.

E. DOCUMENTS AVAILABLE FOR INSPECTION

Resolutions passed at the 2021 fourth and the fifth extraordinary meeting of the tenth session of the Board.

F. SOLICITATION OF VOTES BY INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to the 上市公司股權激勵管理辦法 (the Administrative Measures on Equity Incentives of Listed Companies) issued by the China Securities Regulatory Commission, independent directors of a company whose securities are listed on the Shenzhen Stock Exchange should solicit votes publicly from its shareholders on resolutions in relation to the adoption of an equity incentive scheme. The purpose of such arrangement is to encourage the securities holders to participate in the voting on the resolutions on the adoption of equity incentive schemes as by providing them with an additional way of participation in the meeting(s) of such securities holders.

As the A Shares of the Company are listed and tradable on the Shenzhen Stock Exchange, the independent non-executive Directors have nominated Mr. Pan Guangcheng (the “**INED**”) to solicit on their behalf Shareholders, votes on all special resolutions in relation to the Scheme Documents to be tabled at the Meetings. No solicitation is made on the other resolutions which are not related to the Scheme Documents.

The INED has for the abovementioned purpose prepared and enclosed herewith the proxy forms for appointing the INED as a proxy at the EGM and the H Shareholders Class Meeting respectively (collectively, the “**INED Proxy Forms**”). Should you wish to appoint the INED as your proxy to vote for you and on your behalf at the EGM and/or the H Shareholders Class Meeting, please complete and return the relevant INED Proxy Form(s) to Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong 24 hours prior to the EGM and/or the H Shareholders Class Meeting (as the case may be).

You may appoint the INED as your proxy by filling in the INED Proxy Forms in accordance with the instructions imprinted thereon to vote for you and on your behalf solely on the special resolutions in relation to the Scheme Documents. Should you wish to appoint your own proxy to vote for you on the special resolutions including those related to the Scheme Documents and the ordinary resolution in relation to the CCT Agreements at the EGM and/or the H Shareholders Class Meeting (as the case may be), you may disregard the INED Proxy Forms and complete and return the Proxy Forms (enclosed herewith). Should you return both the Proxy Forms and the INED Proxy Forms and your voting instructions thereon are inconsistent, your voting instructions in the INED Proxy Form shall prevail in relation to the resolutions on the Scheme Documents.

Your appointment of the INED as the proxy by way of an INED Proxy Form shall be deemed revoked if (a) the INED Proxy Form is not completed in accordance with the instructions imprinted thereon; (b) prior to the commencement(s) of the EGM and/or the H Shareholders Class Meeting (as the case may be) you have duly notified the Company in writing revocation of such appointment; or (c) your duly appointed proxy other than the INED has prior to the EGM and/or the H Shareholders Class Meeting (as the case may be) been present at the meeting venue and produced your written revocation of the appointment of the INED as your proxy.

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

15 December 2021, Zibo, PRC

As at the date hereof, the Board comprises:

Executive Directors:

Mr. Zhang Daiming (*Chairman*)

Mr. Du Deping

Mr. He Tongqing

Independent Non-executive Directors:

Mr. Lo Wah Wai

Mr. Pan Guangcheng

Mr. Zhu Jianwei

Non-executive Directors:

Mr. Xu Lie

Mr. Cong Kechun