
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

(1) CHANGE OF AUDITORS
(2) GENERAL MANDATE TO ISSUE A SHARES
**(3) AUTHORISATION TO THE BOARD OF DIRECTORS TO FORMULATE
AND IMPLEMENT THE 2024 INTERIM PROFIT DISTRIBUTION
PROPOSAL**
**(4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND**
**(5) NOTICE OF THE ANNUAL GENERAL MEETING AND THE H
SHAREHOLDERS' CLASS MEETING**

A letter from the Board is set out on pages 1 to 13 of this circular.

A notice convening the AGM and the H Shareholders' Class Meeting to be held at the conference room of the Company at No.1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province, PRC on Wednesday, 26 June 2024, at 2 p.m. is also set out on pages AGM-1 to AGM-6 of this circular.

The proxy form and reply slip in relation to the AGM and the H Shareholders' Class Meeting are enclosed and are published and available for downloading on the websites of The Stock Exchange of Hong Kong Limited at <https://www.hkexnews.hk> and of the Company at <http://www.xhzy.com>.

Whether or not you intend to attend the AGM and the H Shareholders' Class Meeting, we encourage you to complete and return the proxy form 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 AGM and the H Shareholders' Class Meeting (or any adjournments thereof). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM and the H Shareholders' Class Meeting or any adjournment thereof (as the case may be) should you so wish. Shareholders who intend to attend the AGM and the H Shareholders' Class Meeting should also complete and return the reply slip in accordance with the instructions printed thereon.

The English translation is for reference only, and in the event of any discrepancy between the Chinese and the English version of the this document, the Chinese version shall prevail.

28 May 2024

CONTENTS

	<i>Page</i>
DEFINITIONS	ii
LETTER FROM THE BOARD	1
1. INTRODUCTION	2
2. ANNUAL REPORT FOR THE YEAR 2023	2
3. REPORT OF THE BOARD FOR THE YEAR 2023	2
4. REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2023	2
5. FINANCIAL REPORT FOR THE YEAR 2023	3
6. PROFIT DISTRIBUTION PLAN FOR THE YEAR 2023	3
7. AUTHORISATION TO THE BOARD OF DIRECTORS TO FORMULATE AND IMPLEMENT THE 2024 INTERIM PROFIT DISTRIBUTION PROPOSAL	3
8. CHANGE OF AUDITORS	3
9. REMUNERATION OF THE DIRECTORS AND THE SUPERVISORS FOR THE YEAR 2024	5
10. GENERAL MANDATE TO ISSUE A SHARES	5
11. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION	11
12. AGM AND THE H SHAREHOLDERS' CLASS MEETING	12
13. VOTING BY POLL	12
14. RECOMMENDATION	12
15. RESPONSIBILITY STATEMENT	13
APPENDIX I – PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION	I-1
NOTICE OF THE ANNUAL GENERAL MEETING AND THE H SHAREHOLDERS CLASS MEETING	AGM-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2021 Share Option Scheme”	the 2021 share option incentive scheme (A Shares) of the Company adopted on 31 December 2021
“A Share(s)”	the domestic ordinary shares of the Company with a nominal value of RMB1.00 each, which are subscribed for and/or credited as fully paid up in RMB by the PRC nationals and/or the PRC corporate entities and listed and traded on the Shenzhen Stock Exchange
“A Shareholder(s)”	holder(s) of A Share(s)
“Administrative Measures”	Measures for the Administration of Registration of Securities Offering by Listed Companies (上市公司證券發行註冊管理辦法)
“AGM”	the annual general meeting for the year of 2023 of the Company to be held at 2p.m. on Wednesday, 26 June 2024 at No.1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province, PRC
“Articles of Association”	the articles of association of the Company, as may be amended from time to time
“Board”	the board of Directors
“Company”	Shandong Xinhua Pharmaceutical Company Limited (山東新華製藥股份有限公司), a joint stock limited company incorporated in the PRC with limited liability whose H Shares and A Shares are listed on the Main Board of the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, respectively
“Director(s)”	the director(s) of the Company
“General Mandate”	has the meanings as set out in “Letter from the Board – 10. General mandate to Issue A Shares” of this circular
“Group”	the Company and its subsidiaries

DEFINITIONS

“H Shares”	foreign-invested ordinary shares of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Shareholder(s)”	holders of H Shares
“H Shareholders’ Class Meeting”	the meeting of the H Shareholders of the Company to be held at 4:00 p.m. (or immediately after the conclusion or adjournment of the class meeting of the shareholders of A shares of the Company of even date) on Wednesday, 26 June 2024 at No.1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province, PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which for the purposes of this circular excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary shares of the Company, including A Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares
“Shenzhen Stock Exchange”	the “Shenzhen Stock Exchange”
“Supervisors”	supervisors of the Company
“%”	per cent.

If there is any inconsistency between names or words in Chinese and their English translations in this circular, the Chinese expressions shall prevail.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. He Tongqing (*Chairman*)
Mr. Xu Wenhui
Mr. Hou Ning

Registered address:

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

Non-executive Directors:

Mr. Xu Lie
Mr. Zhang Chengyong

Principal place of business:

No.1 Lutai Ave.,
Hi-tech Industry Development Zone,
Zibo City, Shandong Province, PRC

Independent Non-executive Directors:

Mr. Pan Guangcheng
Mr. Zhu Jianwei
Mr. Ling Peixue
Ms. Cheung Ching Ching, Daisy

To Shareholders

Dear Sir or Madam,

- (1) CHANGE OF AUDITORS**
(2) GENERAL MANDATE TO ISSUE A SHARES
**(3) AUTHORISATION TO THE BOARD OF DIRECTORS TO FORMULATE
AND IMPLEMENT THE 2024 INTERIM PROFIT DISTRIBUTION
PROPOSAL**
**(4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND**
**(5) NOTICE OF THE ANNUAL GENERAL MEETING AND THE H
SHAREHOLDERS' CLASS MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with the notice of the AGM and the H Shareholders' Class Meeting and information to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the AGM and the H Shareholders' Class Meeting concerning (i) the review and approval of the Company's annual report as well as reports of the Board and the supervisory committee of the Company for the year 2023; (ii) the review and approval of the audited financial report and profit distribution plan of the Company for the year 2023; (iii) the grant of authorisation to the Board to formulate and implement the 2024 interim profit distribution proposal; (iv) the appointment of Grant Thornton Zhitong Certified Public Accountants LLP (Special General Partnership) as the auditor of the Company for the year 2024, the proposed annual audit fee for such appointment shall be RMB760,000; (v) the review and approval of the remuneration of the Directors and the Supervisors for the year 2024; (vi) the grant of the General Mandate; and (vii) the Proposed Amendments to the Articles of Association.

The notice of AGM and H Shareholders' Class Meeting containing the resolutions to be proposed at the AGM and H Shareholders' Class Meeting is set out in pages AGM-1 to AGM-6 of this circular.

2. ANNUAL REPORT FOR THE YEAR 2023

An ordinary resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, approve the annual report of the Company for the year ended 31 December 2023 dated 24 April 2024 (the "2023 Annual Report") published on the websites of the Hong Kong Stock Exchange and the Company respectively.

3. REPORT OF THE BOARD FOR THE YEAR 2023

An ordinary resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, approve the report of the Board as set out in pages 90 to 136 of the 2023 Annual Report.

4. REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2023

An ordinary resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, approve the report of the supervisory committee of the Company as set out in pages 148 to 149 of the 2023 Annual Report.

LETTER FROM THE BOARD

5. FINANCIAL REPORT FOR THE YEAR 2023

An ordinary resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, approve the financial report of the Company for the financial year ended 31 December 2023. The audited financial statements of the Company (prepared in compliance with China Accounting Standards for Business Enterprises) and the auditor's report for the financial year ended 31 December 2023 are set out in pages 163 to 419 of the 2023 Annual Report.

6. PROFIT DISTRIBUTION PLAN FOR THE YEAR 2023

An ordinary resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, approve the profit distribution plan of the Company for the year 2023 as described in page 15 of the 2023 Annual Report.

7. AUTHORISATION TO THE BOARD OF DIRECTORS TO FORMULATE AND IMPLEMENT THE 2024 INTERIM PROFIT DISTRIBUTION PROPOSAL

In accordance with the relevant provisions of the “Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends of Listed Companies” (《上市公司監管指引第3號 - 上市公司現金分紅》), the “Self-Regulatory Guidelines for Listed Companies No. 1 – Standardized Operations of Main Board Listed Companies” (《上市公司自律監管指引第1號 - 主板上市公司規範運作》) and the Articles of Association and other relevant laws, the Company proposes to formulate and implement the 2024 interim profit distribution proposal based on the current operating results, current working capital, working capital budget and the current distributable reserves of the Group. If dividends are to be distributed for the 2024 interim period, it will be based on the total issued share capital at the time the profit distribution proposal is implemented, and the total amount of cash dividends distributed shall not exceed the net profit for the most recent period for which the profit distribution proposal has been implemented.

An ordinary resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, grant the authorisation to the Board to formulate and implement the 2024 interim profit distribution proposal.

8. CHANGE OF AUDITORS

Reference is made to the announcement issued by the Company on 28 March 2024 regarding the proposed change of the auditors of the Company.

ShineWing Certified Public Accountants (special general partnership) (“**ShineWing**”), being the current PRC auditor of the Company, would have served as the auditor of the Company for 28 consecutive years upon completing the annual audit work of the Company for the financial year ended 31 December 2023.

LETTER FROM THE BOARD

Pursuant to the Administrative Measures for the Appointment of Accounting Firms by State-owned Enterprises and Listed Companies (Cai Hui [2023] No.4)《國有企業、上市公司選聘會計師事務所管理辦法》(財會[2023]4 號) (“**Administrative Measures for Administrative Measures for Appointment of Auditors**”) jointly issued by the Ministry of Finance of the People’s Republic of China, the State-owned Assets Supervision and Administration Commission of the State Council and the China Securities Regulatory Commission on 20 February 2023, the tenure of ShineWing will reach the prescribed time limit for consecutive appointment of accounting firms as permitted under the Administrative Measures for Appointment of Auditors after completing the annual audit work of the Company for the financial year ended 31 December 2023. In order to comply with the Administrative Measures for Appointment of Auditors, the Company has decided to change its auditors for the 2024 financial year.

The audit committee (“**Audit Committee**”) of Board has performed independent and objective assessment procedures and audit duties in relation to the appointment of new auditors of the Company in accordance with the Administrative Measures for Appointment of Auditors, relevant guidelines issued by the Accounting and Financial Reporting Council of Hong Kong and relevant guidelines issued by the Hong Kong Stock Exchange. Following its review and evaluation of selection procedures, tendering process as well as assessment of professional competence, capability, integrity and independence of proposed audit firms, Grant Thornton Zhitong Certified Public Accountants LLP (Special General Partnership) (“**Grant Thornton Zhitong**”) is eligible and suitable to act as the auditor of the Company for the year ending 31 December 2024, and has made relevant recommendation to the Board. Pursuant to the recommendation of the Audit Committee, the Board has resolved to recommend the appointment of Grant Thornton Zhitong as the new auditor of the Company (the “**Proposed Appointment**”). In consideration of the volume of audit work under principles of fairness and reasonableness and as confirmed through tender, the proposed annual audit fees in respect of such appointment for the financial year ending 31 December 2024 shall be RMB760,000, comprising annual report audit fee of RMB650,000 and internal control audit fee of RMB110,000 (the “**Proposed Audit Fees**”). This is comparable to the previous year’s audit fees in the amount of RMB780,000 which comprised annual report audit fee of RMB650,000 and the internal control audit fee of RMB130,000.

The Company has communicated and reached a mutual understanding with ShineWing regarding the proposed change of auditors. ShineWing will continue to serve as auditors and provide necessary services to the Company in connection with the audit of its consolidated financial statements for the financial year ended 31 December 2023. After completing the said audit work, ShineWing will retire as auditors of the Company with effect from the conclusion of the forthcoming annual general meeting of the Company if Grant Thornton Zhitong has been appointed, and will not be re-appointed.

LETTER FROM THE BOARD

ShineWing has confirmed that there is no disagreement between them and the Company and there is no matter that needs to be brought to holders of securities of the Company in relation to its retirement as auditor of the Company. The Board and the Audit Committee have confirmed that there is no disagreement between the Company and ShineWing, and there is no other matters that needs to be brought to the attention of holders of securities of the Company in connection with the change of auditors of the Company.

The Board would like to express its appreciation to ShineWing for their professional services rendered to the Company in previous years.

The Board and the Audit Committee considers that the proposed change of auditors is in the interests of the Company and its shareholders as a whole.

An ordinary resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, to approve the Proposed Appointment and the Proposed Audit Fees.

9. REMUNERATION OF THE DIRECTORS AND THE SUPERVISORS FOR THE YEAR 2024

An ordinary resolution will be proposed at the AGM to approve and authorise the Board to determine the remuneration of each of the Directors and Supervisors for the year 2024.

In making relevant determinations, the Board would be required to comply with all applicable laws, regulations, regulatory provisions as well as the remuneration policy stipulated by the remuneration committee of the Company.

10. GENERAL MANDATE TO ISSUE A SHARES

Reference is made to the overseas regulatory announcement of the Company dated 25 April 2024 pursuant to which the Board has resolved that a general mandate to issue A Shares (the “**General Mandate**”) is proposed to be granted by the Shareholders to the Board of the Company in the AGM in order to give the Company the flexibility to issue A Shares as and when appropriate.

Pursuant to the General Mandate, the Board will be granted authorisation to issue A Shares with consideration given to the prevailing market conditions and the needs of the Company. The total number of such A Shares issued pursuant to the General Mandate shall not exceed 20% of the issued Shares of the Company as at the date of passing the relevant resolution at the AGM.

LETTER FROM THE BOARD

The General Mandate shall be effective during the period from the date of passing of the resolution at the AGM and the H Shareholders' Class Meeting until the date of the next annual general meeting of the Company following the passing of the relevant resolution at the AGM and the H Shareholders' Class Meeting. The General Mandate shall authorise the Board to handle, without limitation, the following matters in relation to the issuance of A Shares under the General Mandate:

I. To confirm whether the Company meets the conditions for issuing shares to specific targets by simplified procedure

To authorise the Board to conduct self-examination and demonstration on the actual situation of the Company and relevant matters in accordance with the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), the Administrative Measures for the Issuance and Registration of Securities by Listed Companies (《上市公司證券發行註冊管理辦法》) and the Hong Kong Listing Rules, and other relevant laws, regulations and regulatory documents, as well as the Articles of Association and to confirm whether the Company meets the conditions for issuing shares to specific targets by simplified procedure.

II. To decide on the Company's proposal to issue shares to specific targets under simplified procedure

The Board is authorised to decide on the following range of options for the issuance of shares to specific targets under simplified procedure:

1. *Class, quantity and value of shares to be issued*

The class of shares to be issued is RMB ordinary shares (A shares) listed in the PRC with a nominal value of RMB1.00 each. The total amount of financing to be issued shall not exceed RMB300 million and shall not exceed 20% of the net assets as at the end of the most recent year, and the number of shares to be issued shall be determined by dividing the total amount of proceeds by the issue price, and shall not exceed 20% of the total number of shares of the Company in issue as at the date on which the resolution authorising the Board by the relevant general meeting of shareholders is passed.

2. *Method of issue and timing of issue*

The shares in the issuance shall be issued by simplified procedure to specific targets, with payment for the issuance to be completed within ten working days of the China Securities Regulatory Commission ("CSRC")'s decision to register the shares.

LETTER FROM THE BOARD

3. *Targets of issue and subscription arrangements*

The targets of the issuance shall be not more than 35 (including 35) specific targets, including securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors (QFIIs), other PRC legal persons and natural persons, and other specific investors, etc., which meet the conditions stipulated by the CSRC. Securities investment fund management companies, securities companies, qualified foreign institutional investors and RMB qualified foreign institutional investors who subscribe for more than two products under their management shall be regarded as one issuance target. Trust investment companies as a target of the issuance can only subscribe with their own funds.

The final issuance targets will be determined by the Board in consultation with the sponsor (lead underwriter) under the authorisation of the general meeting of Shareholders based on the subscription quotations. In case of new provisions of national laws, regulations and regulatory documents on this regard, the Company will adjust in accordance with the new provisions. All the issuance targets shall subscribe for the shares of the Company to be issued by cash in RMB at the same price.

4. *Issuance price and pricing principles*

The issuance of shares to specific targets by simplified procedure will be conducted through enquiry of price. The pricing benchmark date of the issuance shall be the first day of the issuance period, and the price shall be not less than 80% of the average price of the shares of the Company traded in the 20 trading days prior to the pricing benchmark date. Average price of the shares traded in the 20 trading days prior to the pricing benchmark date = the total transaction amount of the shares traded in the 20 trading days prior to the pricing benchmark date/the total volume of the shares traded in the 20 trading days prior to the pricing benchmark date. In the event that the Company's share price is adjusted due to ex-rights and ex-dividend events such as dividend distribution, share bonus, share allotment, capitalisation of capital reserves, etc. during such 20 trading days, the price after the corresponding adjustment of ex-rights and ex-dividend shall be adopted in the calculation.

In the event of any ex-dividend or ex-rights events, such as the payment of dividends, bonus shares or capitalisation of capital reserves during the period from the pricing benchmark date to the issuance date, the issuance base price of shares to be issued to specific targets under the simplified procedure will be adjusted accordingly.

LETTER FROM THE BOARD

After the issuance has been reviewed by the Shenzhen Stock Exchange and registered by the CSRC, the final issuance price will be determined by the Board in accordance with the authorisation of the AGM for the year 2023 and the relevant regulations, based on the results of the bidding results and in consultation with the sponsor (lead underwriter).

5. *Arrangement for lock-up period*

Shares to be subscribed by issuance targets under the issuance under the simplified procedures shall not be transferred within 6 months from completion date of issuance (i.e. from the date of registration of the shares issued to the specific targets under the issuance in their names). Upon the completion of the issuance, shares acquired by the issuance targets based on the issuance of shares issued by the listed company to the specified targets, and shares acquired as a result of events such as the share dividend distribution, capitalisation of capital reserve, etc. by the listed company shall also be subject to the aforesaid share lock-up arrangement. If the lock-up period is otherwise provided by the laws, regulations and regulatory documents, those provisions shall be followed.

6. *Use of proceeds*

The Company intends to use the proceeds for projects related to the Company's principal business. Meanwhile, the use of the proceeds shall comply with the following requirements:

- (i) in line with national industrial policy and relevant environmental protection, land management and other laws and administrative regulations;
- (ii) the proceeds shall not be used for holding financial investment, and shall not be directly or indirectly invested in the companies of which main business is to buy and sell marketable securities;
- (iii) after the implementation of the fund-raising project, there will be no new horizontal competition or unfair connected transactions with controlling shareholders, de facto controllers or other enterprises under their control, which will constitute a material adverse effect, or will seriously affect the independence of the Company's production and operation.

7. *Place of listing*

The shares to be issued will be listed and traded on the Main Board of the Shenzhen Stock Exchange.

LETTER FROM THE BOARD

8. *Arrangements for the accumulated undistributed profits*

The undistributed profits accumulated prior to the issuance of the shares will be shared among the new and existing Shareholders of the Company after the completion of the issue in proportion to their shareholdings after the completion of the issuance.

9. *Validity period of the resolution on the issuance*

The validity period of the resolutions on the issuance is from the date of consideration and approval at the AGM of the Company for the year 2023 to the date of the annual general meeting of the Company for the year 2024.

III. Authorisation of the Board to deal with specific aspects of the issuance

- (1) determining the specific plan concerning proposed issuance of Shares and handling the specific implementation of such issuance in accordance with the relevant laws and regulations, regulatory documents, the Articles of Association as well as provisions and requirements of securities regulatory authorities. Such plan shall cover, without limitation, time of the issuance; number of Shares to be issued; issue price; specific targets of the issuance; specific subscription method; subscription ratio; scale of the funds raised; and other related matters in relation to the issuance;
- (2) handling matters relating to any fund-raising investment projects that may utilise proceeds from the issuance of A shares, the making of adjustments to such fund-raising investment projects and specific arrangements in connection therewith (taking into account the condition of the securities market) and dealing with the implementation of the fund-raising investment projects (with oversight over actual progress, the amount of actual proceeds to be utilised and other relevant prevailing circumstances), in accordance with the applicable laws, regulations and regulatory documents;
- (3) handling all reporting obligations of the Company concerning the issuance of A Shares including, but not limited to, making, amending, signing, submitting, supplementing the submission, implementing and announcement of the materials related to the issuance, responding to the feedback from the relevant regulatory authorities, handling relevant formalities and executing other applicable procedures, and disclosing information in relation to the issuance in accordance with the regulatory requirements;
- (4) signing, amending, supplementing, submitting, presenting and implementing all agreements relating to the issuance including, but not limited to, share subscription agreement, material contracts and other documents relating to the A Share issuance;

LETTER FROM THE BOARD

- (5) establishing a special account for the purpose of holding and operating the use of the proceeds from the A Share issuance;
- (6) handling the relevant registration or filing requirements with industrial and commercial government agencies (工商變更) concerning the change of registered capital resulting from the A Share issuance and taking necessary actions for effecting amendments to the Articles of Association in accordance with the relevant laws, regulations, regulatory requirements to reflect change in share capital resulting from the issuance;
- (7) handling the registration, lock-up and listing of the additional shares on the Shenzhen Stock Exchange and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司深圳分公司) after the completion of the issuance, and other related matters;
- (8) in the event that there are new provisions in applicable laws, regulations and normative documents related to the issuance or changes in the policy or market or other specific requirements from the securities regulatory authorities, adjusting the specific plan of the issuance accordingly in accordance with the new provisions and requirements;
- (9) deciding on and engaging the relevant securities services intermediaries to handle the A Share issuance and matters related thereto;
- (10) in the event of force majeure or other circumstances that make it difficult to implement the issuance, or where the implementation thereof may bring adverse consequences to the Company, to decide at its discretion whether to postpone the implementation of the issuance plan or terminate it in advance, or to continue to handle the issuance in accordance with a new issuance policy or plan;
- (11) in the event that the relevant laws, regulations and regulatory authorities have new requirements in relation to the impact of re-financing of a company on the returns of that company and where that company is required to implement specific measures to mitigate the impact and in accordance with the requirements of relevant laws, regulations and regulatory authorities at that time, analysing, researching, and assessing the issuance's impact on the Company's financials and the impact on the returns of Company's shareholders; formulating, modifying, and approving relevant filling measures, policies, and commitments, and having full authority to handle other matters related thereto; and
- (12) handling other matters relating to the issuance to the extent permitted by laws, regulations, regulatory documents and the Articles of Association.

LETTER FROM THE BOARD

A special resolution will be proposed at the AGM and the H Shareholders' Class Meeting for the Shareholders and the H Shareholders, respectively, to consider and, if thought fit, approve and grant the General Mandate to the Board of the Company.

11. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

References are made to the announcements and overseas regulatory announcements of the Company dated 28 October 2021, 31 December 2021, 6 January 2022, 2 January 2024, 9 January 2024, 28 March 2024, and the circular dated 15 December 2021. Following the completion of the first exercise period of the first grant of the 2021 Share Option Scheme, the issued share capital of the Company has increased by 7,724,800 ordinary shares (from 674,682,835 ordinary shares to 682,407,635 ordinary shares) on 15 January 2024 as a result of exercise of options under the 2021 Share Option Scheme. As a result, the Board proposed to make necessary amendments to the Articles of Association to reflect the change in issued share capital of the Company (the "**First Proposed Amendments**"). The Board convened a meeting of the Board on 28 March 2024 in which the Board considered and approved, among others, the First Proposed Amendments.

Reference is made to the announcement of the Company dated 25 April 2024 and the overseas regulatory announcement of the Company dated 25 April 2024 pursuant to which the Board has resolved that the General Mandate to issue A Shares shall be proposed to be granted by the Shareholders to the Board of the Company at the AGM. As a result of the foregoing, the Board proposes to make necessary amendments to the Articles of Association which would enable the granting of such General Mandate to be permissible upon the constitutional document of the Company (the "**Second Proposed Amendments**", together with the First Proposed Amendments collectively, the "**Proposed Amendments**"). The Board convened a meeting of the Board on 25 April 2024 in which the Board considered and approved, among others, the Second Proposed Amendments.

The Company confirms that the Proposed Amendments will not have any adverse effect to the existing businesses and operations of the Company and its subsidiaries and the Directors confirm that the Proposed Amendments are in compliance with the Hong Kong Listing Rules. As confirmed by the Company's PRC legal adviser, the Proposed Amendments comply with the applicable PRC laws and regulations.

The full text of the Proposed Amendments, prepared in the Chinese language, are set out in Appendix I to this circular. The English translation is for reference only, and in the event of any discrepancy between the Chinese and the English version of the Proposed Amendments, the Chinese version shall prevail.

A special resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, approve the Proposed Amendments.

LETTER FROM THE BOARD

12. AGM AND THE H SHAREHOLDERS' CLASS MEETING

The AGM and the H Shareholders' Class Meeting will be convened to consider and, if thought fit, approve resolutions relating to, among others, the foregoing matters set out in this circular.

A notice convening the AGM and the H Shareholders' Class Meeting to be held at the conference room of the Company at No.1 Lutai Ave., Hi-tech District, Zibo City, Shandong Province, PRC on Wednesday, 26 June 2024, at 2 p.m. is set out on pages AGM-1 to AGM-6 of this circular.

The proxy form and reply slip in relation to the AGM and the H Shareholders' Class Meeting are enclosed and also published and available for downloading on the websites of the Hong Kong Stock Exchange at <https://www.hkexnews.hk> and of the Company at <http://www.xhzy.com>.

Whether or not you intend to attend the AGM and the H Shareholders' Class Meeting, we encourage you to complete and return the proxy form 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 AGM and the H Shareholders' Class Meeting (or any adjournments thereof). Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM and the H Shareholders' Class Meeting or any adjournment thereof (as the case may be) should you so wish. Shareholders who intend to attend the AGM and the H Shareholders' Class Meeting should also complete and return the reply slip in accordance with the instructions printed thereon.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the special resolution at the AGM and the H Shareholders' Class Meeting.

13. VOTING BY POLL

According to Rule 13.39(4) of the Hong Kong Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, the chairman of the AGM will exercise his power under the Articles of Association to demand a poll in relation to all proposed resolution at the AGM.

14. RECOMMENDATION

The Board considers that the resolutions set out herein proposed to be resolved at the AGM and the H Shareholders' Class Meeting are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of these resolutions at the AGM and the H Shareholders' Class Meeting.

LETTER FROM THE BOARD

15. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board
Shandong Xinhua Pharmaceutical Company Limited
He Tongqing
Chairman

28 May 2024, Zibo, the People's Republic of China

Particulars of the First Proposed Amendments

Articles of Association of the Company	
Existing Articles	Amended Articles
<p>Article 20</p> <p>By approval of the companies examination and approval department authorised by the State Council, the total number of ordinary shares of the Company could issue was 457,312,830 shares, including 217,440,000 state-owned shares issued to the promoter of the Company at the time when the Company was established, 16,719,500 legal person shares and 33,153,330 employee shares. As approved by China Securities Regulatory Commission, the Company issued 150,000,000 overseas listed foreign shares in 1996 and 10,000,000 domestically listed domestic shares to the domestic public in 1997. As approved by China Securities Regulatory Commission, the Company issued 30,000,000 domestically listed domestic shares to the domestic public in 2001. Meanwhile, the state-owned shares of the Company held by Shandong Xinhua Pharmaceutical Group Company Limited disposed of 30,000,000 shares in accordance with Cai Shui Cai Qi Bian Han [2001] No. 78 issued by the Ministry of Finance. In accordance with Lu Guo Zi Chan Quan Han [2006] No.74 issued by Shandong Provincial State-owned Assets Supervision and Administration Commission, Shandong Xinhua Pharmaceutical Group Company Limited offered 26,653,665 shares to all holders of circulating A shares as consideration.</p>	<p>Article 20</p> <p>By approval of the companies examination and approval department authorised by the State Council, the total number of ordinary shares of the Company could issue was 457,312,830 shares, including 217,440,000 state-owned shares issued to the promoter of the Company at the time when the Company was established, 16,719,500 legal person shares and 33,153,330 employee shares. As approved by China Securities Regulatory Commission, the Company issued 150,000,000 overseas listed foreign shares in 1996 and 10,000,000 domestically listed domestic shares to the domestic public in 1997. As approved by China Securities Regulatory Commission, the Company issued 30,000,000 domestically listed domestic shares to the domestic public in 2001. Meanwhile, the state-owned shares of the Company held by Shandong Xinhua Pharmaceutical Group Company Limited disposed of 30,000,000 shares in accordance with Cai Shui Cai Qi Bian Han [2001] No. 78 issued by the Ministry of Finance. In accordance with Lu Guo Zi Chan Quan Han [2006] No.74 issued by Shandong Provincial State-owned Assets Supervision and Administration Commission, Shandong Xinhua Pharmaceutical Group Company Limited offered 26,653,665 shares to all holders of circulating A shares as consideration.</p>

Articles of Association of the Company	
Existing Articles	Amended Articles
<p>By the Approval Document [2017] No. 459 issued by the China Securities Regulatory Commission, for the year 2017 the Company was allowed to proceed with the non-public issuance of 21,040,591 domestic shares to be listed in the PRC. Upon completion of the issuance, the structure of share capital of the Company is: the total number of shares is 478,353,421 shares, of which all are ordinary shares and listed domestic shares in the PRC are 328,353,421 shares, representing approximately 68.64% of the total number of shares of the Company; overseas listed foreign shares are 150,000,000 shares, representing approximately 31.36% of the total number of shares of the Company.</p> <p>On implementation of the Profit Distribution Plan 2017, the structure of share capital of the Company is: the total number of shares is 621,859,447 shares, of which all are ordinary shares comprising listed domestic shares in the PRC of 426,859,447 shares, representing approximately 68.64% of the total number of shares of the Company, and overseas listed foreign shares of 195,000,000 shares, representing approximately 31.36% of the total number of shares of the Company.</p>	<p>By the Approval Document [2017] No. 459 issued by the China Securities Regulatory Commission, for the year 2017 the Company was allowed to proceed with the non-public issuance of 21,040,591 domestic shares to be listed in the PRC. Upon completion of the issuance, the structure of share capital of the Company is: the total number of shares is 478,353,421 shares, of which all are ordinary shares and listed domestic shares in the PRC are 328,353,421 shares, representing approximately 68.64% of the total number of shares of the Company; overseas listed foreign shares are 150,000,000 shares, representing approximately 31.36% of the total number of shares of the Company.</p> <p>On implementation of the Profit Distribution Plan 2017, the structure of share capital of the Company is: the total number of shares is 621,859,447 shares, of which all are ordinary shares comprising listed domestic shares in the PRC of 426,859,447 shares, representing approximately 68.64% of the total number of shares of the Company, and overseas listed foreign shares of 195,000,000 shares, representing approximately 31.36% of the total number of shares of the Company.</p>

Articles of Association of the Company	
Existing Articles	Amended Articles
<p>Upon approval by way of special resolution in the shareholders' general meeting of the Company, after the first exercise period of the 2018 A-Share Share Option Scheme of the Company, the structure of share capital of the Company is: the total number of issued shares is 627,367,447, of which all are ordinary shares comprising listed domestic shares in the PRC of 432,367,447 shares, representing approximately 68.92% of the total number of issued shares of the Company, and overseas listed foreign shares of 195,000,000 shares, representing approximately 31.08% of the total number of issued shares of the Company.</p>	<p>Upon approval by way of special resolution in the shareholders' general meeting of the Company, after the first exercise period of the 2018 A-Share Share Option Scheme of the Company, the structure of share capital of the Company is: the total number of issued shares is 627,367,447, of which all are ordinary shares comprising listed domestic shares in the PRC of 432,367,447 shares, representing approximately 68.92% of the total number of issued shares of the Company, and overseas listed foreign shares of 195,000,000 shares, representing approximately 31.08% of the total number of issued shares of the Company.</p>
<p>Upon approval by way of special resolution in the shareholders' general meeting of the Company, after the second exercise period of the 2018 A-Share Share Option Scheme of the Company, the structure of share capital of the Company is: the total number of issued shares is 632,535,247, of which all are ordinary shares comprising listed domestic shares in the PRC of 437,535,247 shares, representing approximately 69.17% of the total number of issued shares of the Company, and overseas listed foreign shares of 195,000,000 shares, representing approximately 30.83% of the total number of issued shares of the Company.</p>	<p>Upon approval by way of special resolution in the shareholders' general meeting of the Company, after the second exercise period of the 2018 A-Share Share Option Scheme of the Company, the structure of share capital of the Company is: the total number of issued shares is 632,535,247, of which all are ordinary shares comprising listed domestic shares in the PRC of 437,535,247 shares, representing approximately 69.17% of the total number of issued shares of the Company, and overseas listed foreign shares of 195,000,000 shares, representing approximately 30.83% of the total number of issued shares of the Company.</p>
<p>Upon approval by way of special resolution in the shareholders' general meeting of the Company, after the non-public issuance of A Shares, the structure of share capital of the Company is: the total number of shares is 669,627,235, of which all are ordinary shares comprising listed domestic shares in the PRC of 474,627,235 shares, representing approximately 70.88% of the total number of issued shares of the Company, and overseas listed foreign shares of 195,000,000 shares, representing approximately 29.12% of the total number of issued shares of the Company.</p>	<p>Upon approval by way of special resolution in the shareholders' general meeting of the Company, after the non-public issuance of A Shares, the structure of share capital of the Company is: the total number of shares is 669,627,235, of which all are ordinary shares comprising listed domestic shares in the PRC of 474,627,235 shares, representing approximately 70.88% of the total number of issued shares of the Company, and overseas listed foreign shares of 195,000,000 shares, representing approximately 29.12% of the total number of issued shares of the Company.</p>

Articles of Association of the Company	
Existing Articles	Amended Articles
<p>Upon approval by way of special resolution in the shareholders' general meeting of the Company, after the third exercise period of the 2018 A-Share Share Option Scheme of the Company, the structure of share capital of the Company is: the total number of issued shares is 674,682,835, of which all are ordinary shares comprising listed domestic shares in the PRC of 479,682,835 shares, representing approximately 71.10% of the total number of issued shares of the Company, and overseas listed foreign shares of 195,000,000 shares, representing approximately 28.90% of the total number of issued shares of the Company.</p>	<p>Upon approval by way of special resolution in the shareholders' general meeting of the Company, after the third exercise period of the 2018 A-Share Share Option Scheme of the Company, the structure of share capital of the Company is: the total number of issued shares is 674,682,835, of which all are ordinary shares comprising listed domestic shares in the PRC of 479,682,835 shares, representing approximately 71.10% of the total number of issued shares of the Company, and overseas listed foreign shares of 195,000,000 shares, representing approximately 28.90% of the total number of issued shares of the Company.</p> <p><u>Upon approval by way of special resolution in the shareholders' general meeting of the Company, after the first exercise period of the first grant of 2021 A-Share Share Option Scheme of the Company, the structure of share capital of the Company is: the total number of issued shares is 682,407,635, of which all are ordinary shares comprising listed domestic shares in the PRC of 682,407,635 shares, representing approximately 71.42% of the total number of issued shares of the Company, and overseas listed foreign shares of 195,000,000 shares, representing approximately 28.58% of the total number of issued shares of the Company.</u></p>
<p>Article 23</p> <p>The registered capital of the Company is RMB674,682,835 yuan.</p>	<p>Article 23</p> <p>The registered capital of the Company is RMB<u>682,407,635</u> yuan.</p>

Particulars of the Second Proposed Amendments

Articles of Association of the Company	
Existing Articles	Amended Articles
<p>Article 57</p> <p>(15) to consider any resolution(s) proposed by shareholders representing 3% or more of the shares carrying voting rights, and to decide such proposals;</p> <p>(16) to consider and decide any other matters required by law, administrative regulations or these Articles to be dealt with in a shareholders' general meeting.</p>	<p>Article 57</p> <p>(15) to consider any resolution(s) proposed by shareholders representing 3% or more of the shares carrying voting rights, and to decide such proposals;</p> <p><u>(16) With the authorization of the annual general meeting of the Company, the Board of Directors may decide to issue shares with a total financing amount not exceeding RMB300 million and not exceeding 20% of the net assets at the end of the latest year to specific parties, and the authorization shall expire on the date of the next annual general meeting;</u></p> <p>(17) to consider and decide any other matters required by law, administrative regulations or these Articles to be dealt with in a shareholders' general meeting.</p>



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 THE ANNUAL GENERAL MEETING
AND OF MEETING OF THE SHAREHOLDERS OF H SHARES**

NOTICE IS HEREBY GIVEN that an annual general meeting (“**AGM**”) of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”), 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 AGM 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 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 Wednesday, 26 June 2024 from 2:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions and special resolution.

Unless the context otherwise requires, terms defined in the circular to the shareholders of the Company dated 28 May 2024, of which this notice forms part (the “**Circular**”) shall have the same meaning when used herein.

The details of the Meetings are provided as follows:

A. CONVENING OF THE AGM

1. Time of the Meetings

The AGM 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 Wednesday, 26 June 2024.

NOTICE OF THE ANNUAL GENERAL MEETING AND H CLASS SHAREHOLDERS' MEETING

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 of directors of the Company (the "Board").

4. Ways of conducting the Meetings

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

5. Eligible attendees

(1) *Shareholders*

The AGM:

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 Wednesday, 19 June 2024.

For information on the attendance of the A Shareholders, please refer to the notice(s) to A Shareholders in respect of the AGM 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 Tuesday, 18 June 2024.

The H Shareholders Class Meeting:

All the H Shareholders whose names appear on the register of members of H Shares on Tuesday, 18 June 2024 at 4:30 p.m..

NOTICE OF THE ANNUAL GENERAL MEETING AND H CLASS SHAREHOLDERS' MEETING

- (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 advisors to the Company; and
- (5) Auditors of the Company.

B. MATTERS FOR CONSIDERATION AND APPROVAL AT THE AGM

Ordinary Resolutions

1. To review and approve the annual report of the Company for the year 2023.
2. To review and approve the report of the Board of the Company for the year 2023.
3. To review and approve the report of the supervisory committee of the Company for the year 2023.
4. To review and approve the audited financial statements of the Company for the year 2023.
5. To review and approve the profit distribution plan for the year 2023.
6. To grant the authorisation to the Board to formulate and implement the 2024 interim profit distribution proposal.
7. To consider and approve the resolution in relation to the appointment of Grant Thornton Zhitong Certified Public Accountants LLP (Special General Partnership) as the auditor of the Company for the year 2024, with the total fee for audit services in the amount of RMB760,000.
8. To review and approve the remuneration of the Directors and the Supervisors for the year 2024.

NOTICE OF THE ANNUAL GENERAL MEETING AND H CLASS SHAREHOLDERS' MEETING

Special Resolutions

9. To consider and approve the resolution in relation to authorising the Board to have full power to handle specific matters relating to the issue of shares to specific targets under simplified procedure^{Note 11}.
10. To consider and approve the resolution in relation to proposed amendments to the Articles of Association^{Note 12}.

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

Special Resolutions

1. To consider and approve the resolution in relation to authorising the Board to have full power to handle specific matters relating to the issue of shares to specific targets under simplified procedure^{Note 11}.

D. DOCUMENTS AVAILABLE FOR INSPECTION

1. Minutes of the second meeting of the 11th Board of Directors
2. Minutes of the third meeting of the 11th Board of Directors
3. Minutes of the second meeting of the 11th Board of Supervisors
4. Minutes of the third meeting of the 11th Board of Supervisors

By Order of the Board
Shandong Xinhua Pharmaceutical Company Limited
He Tongqing
Chairman

28 May 2024, Zibo, PRC

NOTICE OF THE ANNUAL GENERAL MEETING AND H CLASS SHAREHOLDERS' MEETING

Notes:

1. The register of members of the Company will be closed from 19 June 2024 to 26 June 2024 (both days inclusive), during which period no H Share transfers of the Company 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 Tuesday, 18 June 2024 and on the register of members kept by the China Securities Registrar Company Limited Shenzhen Branch after the closing of Shenzhen Stock Exchange on Wednesday, 19 June 2024 and the Directors, the supervisors and the senior management of the Company are entitled to attend the AGM or any adjournment thereof.
2. H Shareholders who wish to attend the AGM 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 Tuesday, 18 June 2024.

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

Hong Kong Registrars
Limited 17M Floor,
Hopewell Centre
183 Queen's Road East, Wanchai, Hong Kong

3. Shareholders who intend to attend the AGM and/or H Shareholders Class Meeting are requested to send the completed and signed reply slip for attendance despatched to the Company's 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 2pm on 25 June 2024, by hand, by post or by facsimile. The written reply will not affect the right of the Shareholders to attend and vote at the AGM and/or H Shareholders Class Meeting.
4. Shareholders entitled to attend and vote at the AGM and/or 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 AGM and/or 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 form despatched to the Company's shareholders together with this 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 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 authorized in writing is required. To be valid, a notarially certified 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 commencement of the AGM and/or H Shareholders Class Meeting. The completion and deposit of a form of proxy will not preclude any Shareholder from attending and voting in person at the AGM and/or H Shareholders Class Meeting or any adjournment thereof.
6. Shareholders or their proxies shall present proof of identity upon attending the AGM and/or H Shareholders Class Meeting. Should a proxy be appointed, the proxy shall also present his/her form of proxy.

NOTICE OF THE ANNUAL GENERAL MEETING AND H CLASS SHAREHOLDERS' MEETING

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: 8653 3219 6024
Facsimile: 8653 3228 7508
9. All references to time herein refer to Hong Kong time.
10. For the arrangements applicable to the A Shareholders in respect of the AGM 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 the even date.
11. Details of the General Mandate have been set out in the Circular.
12. Details of the Proposed Amendments to the Articles of Association of the Company have been set out in the Circular.

As at the date hereof, the Board comprises:

Executive Directors:

Mr. He Tongqing (*Chairman*)
Mr. Xu Wenhui
Mr. Hou Ning

Non-executive Directors:

Mr. Xu Lie
Mr. Zhang Chenyong

Independent Non-executive Directors:

Mr. Pan Guangcheng
Mr. Zhu Jianwei
Mr. Ling Peixue
Ms. Cheung Ching Ching, Daisy