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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 OF ANNUAL GENERAL MEETING
AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND CHANGE OF AUDITORS
AND CLOSURE OF THE REGISTER OF MEMBERS
IN RELATION TO H SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an annual general meeting (“**AGM**”) 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 Wednesday, 24 June 2015 at 2:00 p.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolution and special resolution:

ORDINARY RESOLUTION

1. To review and approve the annual report of the Company for the year 2014;
2. To review and approve the report of the board of directors of the Company (the “**Board**”) for the year 2014;
3. To review and approve the report of the supervisory committee of the Company for the year 2014;

4. To review and approve the audited financial statements for the year 2014;
5. To review and approve the profit distribution plan and the final dividend for the year 2014 as proposed by the Board on 27 March 2015;
6. To review and approve the appointment of ShineWing Certified Public Accountants (Special General Partnership) as the Company's international and domestic auditors for the year 2015 and authorise the Board to fix their remuneration;
7. To review and approve the remuneration of the directors and the supervisors of the Company for the year 2015;

SPECIAL RESOLUTION

8. The proposed amendments to the articles of association of the Company (see Note 1 below) be approved.

Shandong Xinhua Pharmaceutical Company Limited
The Board of Directors

8 May 2015

Notes:

1. Original Article 142 of the Articles of Association:

“The financial statements of the Company shall, in addition to complying with PRC accounting standards, rules and regulations, be prepared in accordance with either international accounting standards or overseas accounting standards of the place at which foreign shares of the Company are listed. If there are material differences between the financial statements prepared in accordance with the aforesaid accounting standards, then the notes to those financial statements shall state and explain such tax profits in a financial year, the Company's after-tax profits shall be deemed to be the lesser of the amounts stated in the different sets of financial statements.”

Be amended to:

“The financial statements of the Company shall be complying with PRC accounting standards, rules and regulations.”

Original Article 143 of the Articles of Association:

“Any interim results of financial information announced or disclosed by the Company shall be prepared in accordance with PRC accounting standards, rules and regulations as well as in accordance with either international accounting standards or overseas accounting standards of the place where foreign shares of the Company are listed.”

Be amended to:

“Any interim results of financial information announced or disclosed by the Company shall be prepared in accordance with PRC accounting standards, rules and regulations.”

2. The register of members of the Company will be closed from 25 May 2015 to 24 June 2015 (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 22 May 2015 and on the register of members of the China Securities Registrar Company Limited Shenzhen Branch after the closing of Shenzhen Stock Exchange on 12 June 2015 and the Directors, the Supervisors and the senior officers of the Company are entitled to attend the AGM or any adjournment thereof.

H shareholders of the Company who wish to attend the AGM 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 22 May 2015.

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

3. Shareholders of the Company who intend to attend the AGM are asked to send the completed and signed reply slip for attendance dispatched to the Company's shareholders together with the circular dated 8 May 2015 to the Company Secretary's office of the Company (see Note 8 below) on or before 3 June 2015, by hand, by post or by facsimile. The written reply will not affect the right of the shareholders (see Note 2 above) to attend and vote at the AGM. 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 AGM or any adjournment thereof.
4. A shareholder of the Company entitled to attend and vote at the AGM 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 AGM. When a shareholder appoints more than one proxy, such proxies may only vote on a poll.

5. 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 8 May 2015 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 8 below) 24 hours prior to the commencement of the AGM.
6. Shareholders of the Company or their proxies shall present proof of identity upon attending the AGM. Should a proxy be appointed, the proxy shall also present his/her form of proxy.
7. The AGM is expected to last half a day. Shareholders who attend the AGM shall bear their own traveling and accommodation expenses.
8. 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 2196025
Facsimile: 86 533 2287508

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

Executive Directors:

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

Independent Non-executive Directors:

Mr. Du Guanhua
Mr. Li Wenming
Mr. Chan Chung Kik, Lewis

Non-executive Director:

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