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山東新華製藥股份有限公司

Shandong Xinhua Pharmaceutical Company Limited

(a joint stock limited company established in the People's Republic of China with limited liability)

(Stock Code: 0719)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) will be held at the Company’s conference room at No. 14 Dongyi Road, Zhangdian District, Zibo City, Shandong Province, The People’s Republic of China (the “**PRC**”) on 28 December 2009 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

“THAT:

the agreement entered into between the Company and Shandong Xinhua Pharmaceutical Group Limited (“SXPGC”) dated 28 October 2009 and the proposed annual caps in relation to the Company’s sale of wastematerials, water, electricity and steam to SXPGC and/or its subsidiaries in the sum of RMB31,000,000, RMB35,000,000 and RMB39,000,000 for 2010, 2011 and 2012 respectively and the proposed annual caps in relation to the Company’s and/or its subsidiaries’ purchase of accessories, raw materials and packaging materials from SXPGC and/or its subsidiaries in the sum of RMB200,000,000, RMB210,000,000 and RMB220,000,000 for 2010, 2011 and 2012 respectively under such agreement are hereby approved and confirmed.”

Shandong Xinhua Pharmaceutical Company Limited

The Board of Directors

11 November 2009

Notes:

1. The register of members of the Company will be closed from 28 November 2009 to 28 December 2009 (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 27 November 2009 and on the register of members of the China Securities Registrar Company Limited Shenzhen Branch after the closing of Shenzhen Stock Exchange on 27 November 2009 and the Directors, the Supervisors and the senior officers of the Company are entitled to attend the EGM or any adjournment thereof.
2. Shareholders of the Company who intend to attend the EGM are asked to send the completed and signed reply slip for attendance dispatched to the Company's Shareholders together with the circular dated 11 November 2009 to the Company Secretary's office of the Company (see Note 7 below) on or before 7 December 2009, by hand, by post or by facsimile. The written reply will not affect the right of the Shareholders (see Note 1 above) to attend and vote at the EGM. The completion and deposit of a form of proxy will not preclude any shareholder from attending and voting in person at the EGM or any adjournment thereof.
3. A Shareholder of the Company entitled to attend and vote at the EGM may appoint one or more proxies (whether the person is a shareholder of the Company or not) to attend and vote on his/her behalf at the EGM. When a Shareholder appoints more than one proxy, such proxies may only vote on a poll. Each holder of H shares (or his/her proxy or proxies) shall be entitled to one vote for each share held.
4. Shareholders of the Company must appoint a proxy or proxies in writing i.e. the original proxy form dispatched to the Company's Shareholders together with the circular dated 11 November 2009 or a copy of it, which shall be signed by the person appointing the proxy or proxies or by his/her duly authorised attorney. If the form of proxy is signed by an attorney, the document appointing the attorney must be certified by a notary public. If the appointing shareholder is a legal person, the legal person's seal or the signature of its director(s) or representative(s) duly authorised in writing is required. To be valid, a notarially certified power of attorney or other authority (if any) and the form of proxy must be received by the Company Secretary's office of the Company (see Note 7 below) 24 hours prior to the commencement of the EGM. A form of proxy for use at the EGM is dispatched to the Company's Shareholders together with the circular dated 11 November 2009.
5. Shareholders of the Company or their proxies shall present proof of identity upon attending the EGM. Should a proxy be appointed, the proxy shall also present his/her form of proxy.
6. The EGM is expected to last half a day. Shareholders who attend the EGM shall bear their own traveling and accommodation expenses.

7. The address of the Company Secretary's office of the Company is as follows:

14 Dongyi Road, Zhangdian District, Zibo City, Shandong Province, PRC

Postal Code: 255005

Telephone: 86 533 2196025

Facsimile: 86 533 2287508

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

Executive Directors:

Ms. Guo Qin (Chairman)

Mr. Ren Fulong

Mr. Zhao Songguo

Independent Non-executive Directors:

Mr. Zhu Baoquan

Mr. Sun Minggao

Mr. Kwong Chi Kit, Victor

Non-executive Director:

Mr. Liu Zhenwen

Mr. Li Tianzhong

Mr. Zhao Bin