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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 FOR THE YEAR 2011  
AND  
CLOSURE OF THE REGISTER OF MEMBERS**

**NOTICE IS HEREBY GIVEN** that the annual general meeting for the year 2011 (“**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 Tuesday, 26 June 2012 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**

1. To review and approve the report of the board of directors of the Company (the “**Board**”) for the year 2011;
2. To review and approve the report of the supervisory committee of the Company for the year 2011;
3. To review and approve the audited financial statements for the year 2011;
4. To review and approve the profit distribution plan and the final dividend for the year 2011 as proposed by the Board on 23 March 2012;

5. To review and approve the reappointment of ShineWing (HK) CPA Limited (Certified Public Accountants in Hong Kong) and Shine Wing (Certified Public Accountants in the PRC) as the international and domestic auditors respectively for the year 2012 and authorise the Board to fix their remuneration;
6. To review and approve the remuneration of the directors and the supervisors of the Company for the year 2012;
7. To consider and approve the proposal in relation to the purchase of a RMB14,400,000 liability insurance cover for the directors, supervisors and senior management of the Company for 2012 to 2013. The annual premium is charged at 2% of the aforesaid insurance coverage amount; and on the condition that the scope of the insurance coverage remains substantially the same and the insurance coverage amount does not exceed the above mentioned amount, to authorise the Board to consider and approve the renewal of such liability insurance cover for the directors, supervisors and senior management in subsequent years.

**Shandong Xinhua Pharmaceutical Company Limited**

*The Board of Directors*

10 May 2012

*Notes:*

1. The register of members of the Company will be closed from 28 May 2012 to 26 June 2012 (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 25 May 2012 and on the register of members of the China Securities Registrar Company Limited Shenzhen Branch after the closing of Shenzhen Stock Exchange on 25 May 2012 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 25 May 2012.

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 AGM are requested to send the completed and signed reply slip for attendance dispatched to the Company's shareholders together with the notice dated 10 May 2012 to the company secretary's office of the Company (see Note 7 below) on or before 5 June 2012, by hand, by post or by facsimile. The written reply will not affect the right of the shareholders of the Company (see Note 1 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.
3. 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. 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 notice dated 10 May 2012 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 AGM.
5. 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.
6. The AGM is expected to last for half a day. Shareholders of the Company who attend the AGM 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, The PRC  
Postal Code: 255086  
Telephone: (86) 533 2196024  
Facsimile: (86) 533 2287508

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

*Executive Directors:*

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

*Independent Non-executive Directors:*

Mr. Zhu Baoquan  
Mr. Bai Huiliang  
Mr. Kwong Chi Kit, Victor

*Non-executive Directors:*

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