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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)

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The board of directors (the “**Board**”) of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) hereby announces that the Board proposes amendments (the “**Proposed Amendments**”) to be made to Article 142 and Article 143 of the Articles of Association of the Company (the “**Articles of Association**”). Details of the Proposed Amendments are as follows:

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.”

The Proposed Amendments will be submitted to the shareholders of the Company for approval by way of special resolution at a general meeting. The Company will dispatch a circular containing information relating to, among others, further details of the Proposed Amendments and the general meeting to be held by the Company in due course.

The Proposed Amendments have been prepared in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail.

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

24 April 2015, Zibo, PRC

As at the date of this announcement, the Board 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 Directors:

Mr. Ren Fulong

Mr. Xu Lie

Mr. Zhao Bin