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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 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 Friday, 16 June 2017 at 2:00 p.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 annual report of the Company for the year 2016;
2. To review and approve the report of the board of directors of the Company (the “**Board**”) for the year 2016;
3. To review and approve the report of the supervisory committee of the Company for the year 2016;
4. To review and approve the audited financial statements for the year 2016;

5. To review and approve the profit distribution plan for the year 2016;
6. To review and approve the appointment of ShineWing Certified Public Accountants (Special General Partnership) as the Company's auditors for the year 2017 and authorise the Board to fix their remuneration; and
7. To review and approve the remuneration of the directors and the supervisors of the Company for the year 2017.

**Shandong Xinhua Pharmaceutical Company Limited**  
*The Board of Directors*

27 April 2017

*Notes:*

1. The register of members of the Company will be closed from 18 May 2017 to 16 June 2017 (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 17 May 2017 and on the register of members of the China Securities Registrar Company Limited Shenzhen Branch after the closing of Shenzhen Stock Exchange on 8 June 2017 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 17 May 2017.

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 asked to send the completed and signed reply slip for attendance dispatched to the Company's shareholders together with the notice dated 27 April 2017 to the Secretary to the Board's office of the Company (see Note 7 below) on or before 15 June 2017, 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 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.

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 27 April 2017 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 Secretary to the Board's office of the Company or the Company's H shares registrar (see Note 1 above and 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 half a day. Shareholders who attend the AGM shall bear their own traveling and accommodation expenses.
7. The address of the Secretary to the Board'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