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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)

RESIGNATION OF A NON-EXECUTIVE DIRECTOR

The board of directors (the “**Board**”) of Shandong Xinhua Pharmaceutical Company Limited (the “**Company**”) announces that Mr. Liu Zhenwen has tendered his resignation as a non-executive director of the Company with effect from 4 August 2010 due to his job change. Mr. Liu has confirmed that he has no disagreement with the Board and there is no circumstance related to his resignation which needs to be brought to the attention of the shareholders of the Company.

The Board would like to take this opportunity to express its sincere gratitude to Mr. Liu for his contributions to the Company during his tenure of service.

By Order of the Board

Shandong Xinhua Pharmaceutical Company Limited

Guo Qin

Chairman

4 August 2010, Zibo, PRC

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

Mr. Xu Lie

Mr. Zhao Bin