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Important:

The board of directors ("Board") and the directors ("Directors") of Shandong Xinhua Pharmaceutical Company Limited ("Company") hereby confirm that there are no false representations, material omissions or misleading statements contained in this interim report ("Report") and they, jointly and severally, accept full responsibility for the truthfulness, accuracy and completeness of the contents of this Report. The financial report of the Company and its subsidiaries ("Group") for the six months ended 30 June 2005 has not been audited.

The chairman (Mr. He Duanshi), financial controller (Mr. Zhao Songguo) and chief of financial department (Mr. Wang Jianxin) of the Company hereby pledge that the financial report of the Company for the six months ended 30 June 2005 is true, accurate and complete.

This Report has been prepared in both Chinese and English. In the event of any discrepancy between two versions, the Chinese version shall prevail.