

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

(1) Changes in Share Capital

1. Table of Changes in Share Capital of the Company

		Beginning of the year		Increase/(decrease) during the year					End of the year	
		Number of shares	Proportion (%)	Allotment	Bonus shares	Transfers	Others	Sub-total	Number of shares	Proportion (%)
<i>Unit: Shares</i>										
A.	Non-circulating shares									
1.	Promoter's shares									
	Including:									
	State-owned shares	31,345,554	12.79	-	-	-	-	-	31,345,554	12.79
	Domestic legal persons shares	-	-	-	-	-	-	-	-	-
	Overseas legal persons shares	-	-	-	-	-	-	-	-	-
	Others	71,052,146	29.00	-	-	-	-	-	71,052,146	29.00
2.	Legal person shares	17,609,700	7.19	-	-	-	-	-	17,609,700	7.19
3.	Internal employees shares	-	-	-	-	-	-	-	-	-
4.	Preference shares or others	-	-	-	-	-	-	-	-	-
	Total non-circulating shares	120,007,400	48.98	-	-	-	-	-	120,007,400	48.98
B.	Circulating shares									
1.	Renminbi ordinary shares	60,000,000	24.49	-	-	-	-	-	60,000,000	24.49
2.	Domestic listed foreign shares	-	-	-	-	-	-	-	-	-
3.	Overseas listed foreign shares	65,000,000	26.53	-	-	-	-	-	65,000,000	26.53
4.	Others	-	-	-	-	-	-	-	-	-
	Total circulating shares	125,000,000	51.02	-	-	-	-	-	125,000,000	51.02
C.	Total	245,007,400	100.00	-	-	-	-	-	245,007,400	100.00

2. Issue and listing of share

(1) Issue of share in the previous last 3 years

There is no issue and listing of share including issue of new shares and allotment of shares up to the reported date.

(2) Number and structure of shares

There are no changes in the number and structure of shares due to bonus shares and allotment of shares up to the reported date.

(3) Internal employees shares

There are no employees shares in the Company up to the reported date.

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(2) Shareholding of the Company

1. Shareholding of the Company

Unit: Shares

Number of shares at the end of the year: 26,226 (Including: 26,100 A shares shareholders, 126 H shares shareholders) (shares)

The top ten shareholders in the Company

Name of shareholders	Nature of shareholders	Proportion (%)	Number of shares held at the end of the year	Decrease	Class (Trading/ Non-trading)	Number of non-trading shares	Number of shares pledged or frozen
Xian Jiaotong University Industrial (Group) Incorporation	State-owned	29.00	71,052,146	–	Non-trading	71,052,146	
HKSCC Nominees Limited	Foreign	25.95	63,573,998	(24,000)	Trading	–	Unknown
Yunnan Provincial People's Government	State-owned	12.79	31,345,554	–	Non-trading	31,345,554	
Kunming Jinghua Company	Other	7.19	17,609,700	–	Non-trading	17,609,700	
HSBC NOMINEES (HONG KONG) LIMITED	Other	1.36	3,336,000	–	Trading	–	Unknown
Yunnan Power Group Limited	Other	0.18	441,000	–	Trading	–	Unknown
Zheng Xiaohua	Other	0.064	158,000	–	Trading	–	Unknown
Hao Peng Hui	Other	0.060	147,000	–	Trading	–	Unknown
Xu Weiya	Other	0.057	138,500	–	Trading	–	Unknown
Liu Mingchun	Other	0.048	116,400	–	Trading	–	Unknown

The top ten shareholders of trading shares in the Company

Name of shareholders	Number of trading shares	Type of shares
HKSCC Nominees Limited	63,573,998	Overseas listed foreign shares
HSBC NOMINEES (HONG KONG) LIMITED	3,336,000	Overseas listed foreign shares
Yunnan Power Group Limited	441,000	Renminbi ordinary shares
Zheng Xiaohua	158,000	Renminbi ordinary shares
Hao Peng Hui	147,000	Renminbi ordinary shares
Xu Weiya	138,500	Renminbi ordinary shares
Liu Mingchun	116,400	Renminbi ordinary shares
Cha Xiaoyan	110,200	Renminbi ordinary shares
Sun Jing Jing	110,000	Renminbi ordinary shares
Xie Zhijian	110,000	Renminbi ordinary shares

Explanation of the connected relationship or consistent action relationship among the above shareholders

The Company was not notified of any connected relationship and consistent action regulated by “Information Disclosure Management Procedure to changes of Shareholding of List Company” among the top ten shareholders of circulating shares of the Company.

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Details of the connected relationship among the top ten shareholders of shares of the Company and consistent action

None of the top ten largest shareholders of the Company have relationship with each other and the Company was not notified by its shareholders that there is any relationship between the shareholders of non-circulating shares, the shareholders of the state-owned shares and the public shareholders.

Other than the substantial shareholders disclosed above as at 31st December, 2005, there were no other shareholders whose shareholdings exceeded the amount required to be disclosed under Article 60 of “Administration of the Issuing and Trading of Shares Provisional Regulations” of the PRC and Issue No. 2 of “The Content and Format of Disclosure of Information of Annual Report of the Listed Companies” (Amended in 2005) and the register of substantial shareholders maintained under the requirement of reporting; and under Issue No. 16(1) of the Securities (Disclosure of Interests) Ordinance under the Hong Kong Exchanges and Clearing Limited, the Company was not notified of any interests representing 10% or more of the issued share capital of the Company.

Four of the top ten largest shareholders hold 5% or more of the Company’s shares. The state-owned legal person shares are held by Xian Jiaotong University Industrial (Group) Incorporation (“Jiaotong Group”); the state-owned shares are held by Yunnan Provincial People’s Government (“Yunnan Government”); legal person shares are held by Kunming Jinghua Company. All of the shares held by these shareholders are non-circulating and are not pledged, frozen, mortgaged nor designated. The overseas listed shares (H shares) of the Company are held by the HKSCC Nominees Limited.

Note: HSBC NOMINEES (HONG KONG) LIMITED is Credit Suisse First Boston (HK) Co. Ltd. which holds 3,336,000 H shares.

2. Substantial Shareholders and Actual Holders of the Company

(1) Substantial Shareholders

Company name: Xian Jiaotong University Industrial (Group) Incorporation

Legal representative: Xi You Min

Registered capital: RMB30,000,000

Date of incorporation: 18th May, 1994

Main field of business activities: Legally prohibited, not allowed to operate, should be approved, not allowed to operate before approval, not required to be legally approved, business which company is free to select, start the business activities.

(2) Actual Shareholders

Company name: Xian Jiaotong University

Legal representative: Zheng Nanning

Date of incorporation: 1896

Actual shareholders of the Company: Xian Jiaotong University

Jiaotong Group, substantial shareholders of the company, is the wholly owned subsidiary of the Xian Jiaotong University.

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Note:

1. On 16th September, 2005, the Company received written notices from the Company's largest shareholder, Xian Jiaotong University Industrial (Group) Incorporation, and Shenyang Machine Tool (Group) Company Limited respectively. Content as the following:

On 15th September, 2005, Xian Jiaotong University Industrial (Group) Incorporation and Shenyang Machine Tool (Group) Company Limited signed an agreement regarding transfer of shares. Shenyang Machine Tool (Group) Company Limited agreed to buy 71,052,146 shares of Jiaoda High-Tech Company Limited from Xian Jiaotong University Industrial (Group) Incorporation. The number of shares transferred is 29% of the total 245,007,400 shares. The transfer price of the shares is RMB183,000,000. The acquisition is subjected to the approval by State-Owned Assets Supervision and Administration Commission of the State Council and the China Regulatory Commission.

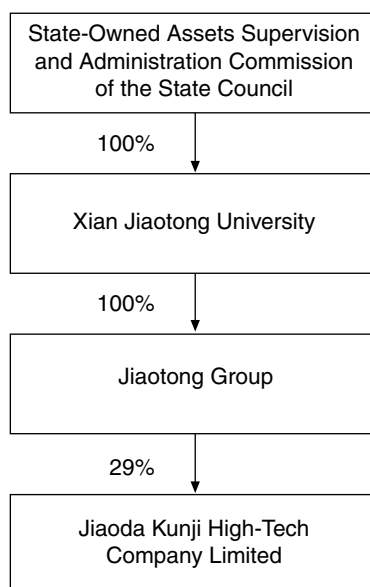
According to the provisions of the state policies, Shenyang Machine Tool (Group) Company Limited shall promptly settle with other shareholders the changes in equity distribution. After the transfer, Shenyang Machine Tool (Group) Company Limited will become the largest shareholder of the Company.

2. Report of changes in shares held by shareholders of Jiaoda Kunji High-Tech Company Limited;
3. Announcement regarding deferral of information submission;

The above matters were published on "China Securities Daily", "Shanghai Securities Daily", "Wen Wei Po" and "China Daily" on 16th September, 2005, 20th September, 2005 and 18th November, 2005.

Until the day of publicizing this Annual Report Summary, the above mentioned transfer of shares is still under application for approval.

(3) *Flowchart for the relationship between actual holders and the Company*



3. Other shareholder who hold 10% or more of the issued share capital of the Company

The Yunnan Provincial People's Government holds 12.8% of the total number of the issued share capital of the Company.