

Chapter	Content	Page
I.	Company Information	2
II.	Summary of Financial and Operating Results	3
III.	Changes in Share Capital and Shareholders	5
IV.	Directors, Supervisors and Senior Officers	8
V.	Chairman's Statement	9
VI.	Management Discussion and Analysis	11
VII.	Review of Major Events	14
VIII.	Corporate Governance	16
IX.	Financial Report (Prepared under PRC Accounting Standards)	17
X.	Financial Report (Prepared under Hong Kong Generally Accepted Accounting Principles)	48
XI.	Documents for Inspection and Place for Inspection	58

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 (collectively referred to as "Group") for the six months ended 30 June 2006 has not been audited.

The chairman (Ms. Guo Qin), financial controller (Mr. Zhao Songguo) and the 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 2006 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.