

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

1. Share Capital structure

1 Jan 2006			30 Jun 2006		
Class of shares	Number of shares (share)	% of the total share capital (%)	Class of shares	Number of shares (share)	% of the total share capital (%)
1. Total number of conditional tradable shares	231,199,447	50.56%	1. Total number of conditional tradable shares	204,559,763	44.73%
Stated-owned shares	214,440,000	46.89%	Stated-owned shares	187,786,335	41.06%
Domestic legal person shares	16,719,500	3.66%	Domestic legal person shares	16,719,500	3.66%
Conditional tradable senior management A Shares	39,947	0.01%	Conditional tradable senior management A Shares	53,928	0.01%
2. Total number of unconditional tradable shares	226,113,383	49.44%	2. Total number of unconditional tradable shares	252,753,067	55.27%
Reminbi ordinary shares (A Shares)	76,113,383	16.64%	Reminbi ordinary shares (A Shares)	102,753,067	22.47%
Overseas listed foreign shares (H shares)	150,000,000	32.80%	Overseas listed foreign shares (H Shares)	150,000,000	32.80%
3. Total number of shares	457,312,830	100.00%	3. Total number of shares	457,312,830	100.00%

Note: As at the close of the SZSE on 5 June 2006, all shareholders of tradable A Shares of the Company recorded on the register of the Shenzhen Branch of the China Securities Depository and Clearing Corporation Limited were offered 3.5 shares by shareholders of non-tradable shares for his/her every 10 tradable A Shares. Shareholders of non-tradable shares of the Company offered 26,653,665 shares. Shandong Xinhua Pharmaceutical Group Company Limited ("SXPGC") offered 26,653,665 shares.

Tradable Schedule of Conditional Listed Tradable Shares is as follows:

No.	Name of Shareholders	Proportion of Total Share Capital	Time of Trade	Terms of Conditional Trade
1	Shandong Xinhua Pharmaceutical Group Company Limited	5%	G (Note 1) + 36 to 48 months	Note 2
		41.06%	G + 48 months	—
2	Legal Person Shares	3.66%	G + 12 months	—

Note 1: Word "G" represents the first trading day (i.e. 6 June 2006) following the implementation of the revised share reform of the Company.

Note 2: SXPGC has undertaken that it shall not sell any of its A shares of the Company on the SZSE at a price less than RMB4.8 per share, (such price will be on an ex-rights basis if there is any declaration of dividends, bonus issues or capitalization of capital reserve during the period between the day of implementation of the revised share reform of the Company and sale of the shares by SXPGC) being 150% of the average of the closing prices of the listed A Shares as quoted on the SZSE in the thirty (30) trading days prior to the issuance date of the relevant notice of the shareholders' meeting. Should SXPGC breach any of the provisions of this undertaking in the sale of its shares, the proceeds resulting from such sale shall be transferred to the account of the Company and owned by the Company.



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2. As at 30 June 2006, the Company had on record a total of 29,302 shareholders, including 82 holders of H Shares and 29,220 holders of A Shares.
3. As at 30 June 2006, the ten largest shareholders of the Company were as follows:

Name of Shareholder	Types of shareholders	Number of shares held	% of the total share capital	Number of conditional tradable shares held	Number of shares being charged or frozen
SXPGC	State-owned shareholder	187,786,335	41.06	187,786,335	45,027,600
HKSCC (Nominees) Limited	H shares shareholder	143,973,998	31.48	0	—
Jiangsu Software Industry Company Limited	Others	5,674,455	1.24	0	—
Wang Youdi	Others	2,123,884	0.46	0	—
Shanghai Zhengda Investment Management Company Limited	Others	2,100,000	0.46	2,100,000	—
China National Pharmaceutical Industry Corporation	Others	1,540,000	0.34	1,540,000	—
China National Pharmaceutical Foreign Trade Corporation	Others	1,000,000	0.22	1,000,000	—
Bengbu Zhongbe Information Company Limited	Others	1,000,000	0.22	1,000,000	—
HSBC Nominees (Hong Kong) Limited A/C BR-79	H shares shareholder	902,000	0.20	0	—
HSBC Nominees (Hong Kong) Limited A/C BR-80	H shares shareholder	902,000	0.20	0	—

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4. As at 30 June 2006, the ten largest shareholders of the unconditional tradable shares of the Company were as follows:

Name of Shareholder	Number of unconditional listed shares	Class of shares
HKSCC (Nominees) Limited	143,973,998	H Shares
Jiangsu Software Industry Company Limited	5,674,455	A Shares
Wong Youdi	2,123,884	A Shares
HSBC Nominees (Hong Kong) Limited A/C BR-79	902,000	H Shares
HSBC Nominees (Hong Kong) Limited A/C BR-80	902,000	H Shares
HSBC Nominees (Hong Kong) Limited A/C BR-81	902,000	H Shares
HSBC Nominees (Hong Kong) Limited A/C BR-78	704,000	H Shares
Chen Yingqing	516,000	A Shares
Kay and Company Ltd	400,000	H Shares
Chow Kang Chuen	340,000	H Shares

Note: a. *So far as the Directors are aware, there is no association amongst the ten largest domestic shareholders of the Company, nor the persons acting in concert as defined in the "Rules for the Information Disclosure of Changes in the Shareholding of Listed Companies" issued by the China Securities Regulatory Commission (the "CSRC"). However, the Directors do not know whether there is any association amongst the shareholders of H Shares of the Company or persons acting in concert as referred to above.*

The Directors do not know whether there is any association amongst the ten largest shareholders of unconditional tradable shares of the Company, any association between the ten largest shareholders of the Company and the ten largest shareholders of the Company or the persons acting in concert as defined in the Rules for the Information Disclosure of Changes in the Shareholding of Listed Companies issued by the CSRC.

- b. *The only domestic shareholder with more than 5% of the total issued shares of the Company is SXP GC.*
- c. *There was no change of controlling shareholder of the Company during this reporting period.*