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山東新華製藥股份有限公司  
**Shandong Xinhua Pharmaceutical Company Limited**

*(a joint stock limited company established in the People's Republic of China with limited liability)*

(Stock Code: 0719)

**ANNOUNCEMENT ON THE LISTING OF A SHARES  
SUBJECT TO SELLING RESTRICTIONS**

This announcement is made in accordance with Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcements (the “Announcements”) of Shandong Xinhua Pharmaceutical Company Limited (the “Company”) dated 20 March 2006, 28 March 2006, 6 April 2006, 21 April 2006, 27 April 2006 and 2 June 2006. Terms used in this announcement shall have the same meanings as defined in the Announcements unless otherwise defined herein.

**IMPORTANT NOTICE**

- The number of A shares to be listed and traded: 16,719,500 shares.
- The date when the A shares subject to selling restrictions are to be listed and traded pursuant to the Share Reform Plan: 6 June 2007.

**I. Information related to the Share Reform Plan**

The Share Reform Plan of the Company was considered and approved at the Relevant A Shareholders' Meeting of the Company on 27 April 2006. The trading of the A shares of the Company was first resumed on 6 June 2006 after implementation of the Share Reform Plan.

**II. The undertakings in relation to the A shares subject to selling restrictions to be listed and traded pursuant to the Share Reform Plan**

The A Shares subject to selling restrictions held by Domestic Non-state-owned legal person(s) shall not be listed and traded, or transferred within 12 months from the date of implementation of the Share Reform Plan.

**III. Since the implementation of the Share Reform Plan, among the 16,719,500 A shares subject to selling restrictions held by Domestic Non-state-owned legal person(s), 712,000 shares held by Qingdao Medical Material Company have been judicial auctioned, and the 712,000 shares are still subject to selling restrictions. The remaining shares are not to change.**

**IV. There is no appropriation of capital by the controlling shareholder of the Company.**

**V. Opinion of the sponsor of the Share Reform Plan after examination**

Haitong Securities Company Limited, the sponsor of the Share Reform Plan of the Company (the “Sponsor”), was of the opinion that:

1. The listing of the A shares subject to the Selling Restrictions of the Company is in compliance with the requirements of relevant laws, regulations and rules and the listing rules of the Shenzhen Stock Exchange;
2. The holders of such A shares subject to the Selling Restrictions strictly adhere to their undertakings made during the Share Reform;
3. There are no obstacles in practice for the listing of such A shares subject to the Selling Restrictions;
4. The Sponsor and representatives of the Sponsor agreed the listing of such A shares subject to the Selling Restrictions.

**VI. Information in relation to A shares subject to the Selling Restrictions**

1. The number of A shareholders subject to the selling restrictions is 49. The number of shares to be listed and traded amounts to 16,719,500 shares, accounting for 8.17% of the total number of the A shares subject to the Selling Restrictions and 3.66% of the total number of shares of the Company.
2. The A shares subject to the Selling Restrictions are to be listed on 6 June 2007.

3. The listing of the A shares subject to the Selling Restrictions is consistent with that stated in the Share Reform Prospectus.
4. It is the first time for the Company to arrange the listing of A shares subject to the Selling Restrictions.

## VII. Table of changes in share capital structure

		Prior to the listing (share)	Changes (share)	After the listing (share)
Shares Subject to the Selling Restrictions	State-owned Shares	163,258,735	0	163,258,735
	Domestic Non-state-owned legal person Shares	16,719,500	-16,719,500	0
	Domestic Natural Person Shares	33,727	0	33,727
	Others	24,527,600	0	24,527,600
	Total of the Shares Subject to the Selling Restrictions	204,539,562	-16,719,500	187,820,062
Shares not subject to the Selling Restrictions	A Shares	102,773,268	+16,719,500	119,492,768
	H Shares	150,000,000	0	150,000,000
	Total of the Shares not subject to the Selling Restrictions	252,773,268	+16,719,500	269,492,768
Total number of shares		457,312,830	0	457,312,830

### VIII. Documents available for inspection

- 1 Application form for the listing of the shares subject to the Selling Restrictions by the Board;
- 2 Opinion of the Sponsor after examination.

**Shandong Xinhua Pharmaceutical Company Limited**

By Order of the Board of Directors

**Guo Qin**

*Chairman*

Zibo, the PRC, 31 May 2007

*As at the date of this announcement, the directors of the Company are Ms. Guo Qin (Chairman), Mr. Liu Zhenwen, Mr. Ren Fulong, Mr. Zhao Songguo and Mr. Ma Yong, and the independent non-executive directors are Mr. Dai Qingjun, Mr. Mok Chung Kwan, Stephen, Mr. Xu Guojun and Mr. Sun Minggao.*

Please also refer to the published version of this announcement in The Standard / Wen Wei Po.