



For Immediate Release

31 March 2009

China Shineway Pharmaceutical Group Limited Announces 2008 Annual Results Turnover reached RMB1.27 billion, an increase of 25.9% from last year.

Financial Highlights

- Turnover reached RMB1,275,179,000, an increase of 25.9% from last year
- Operating profit amounted to RMB538,079,000, an increase of 34.8% from last year
- Profit for the year is RMB398,242,000, a decrease of 18.8% as compared to last year

(31 March 2009, Hong Kong) The board of directors (the "Board") of China Shineway Pharmaceutical Group Limited ("the Group" or "Shineway", Stock code: 2877) announces the annual results for the year ended 31 December 2008 ("Year 2008" or "the Year under review"). In Year 2008, turnover of the Group amounted to RMB1,275,179,000, representing an increase of 25.9% over corresponding period of year 2007. Operating profit amounted to RMB538,079,000, an increase of 34.8% over last year. Profit of the Group for Year 2008 is RMB398,242,000, a decrease of 18.8% as compared to last year which is mainly due to net exchange loss of RMB131,812,000 derived from the Group's bank deposits in Hong Kong and Australian dollars as a result of the market volatility in the respective exchange rates.

The Board recommended a final dividend of RMB0.12 per share, together with the interim dividend of RMB0.12 per share and special interim dividend of RMB0.01 per share, aggregating to the total of RMB0.25 per share for Year 2008. The Group's dividend payout ratio for the Year under review was 52.1%.

The Chairman of Shineway, Mr. Li Zhenjiang said, "Although the financial tsunami has caused a slowdown in the world economy, Chinese pharmaceutical industry still sustains fast economic growth. As the market demand for modern Chinese medicines increases continuously, the Group's products of superb quality and competitive price are being well-liked by the public, hence turnover during the year continued to grow and the Group's market position was further secured. During Year 2008, the Group kept our focus on developing modern Chinese medicines of high quality and received wide recognition from government and general public. 'Wu Fu' trademark is statutorily certified as a 'China Famous Trademark' and the 'Shen Miao' trademark is conferred as 'Hebei Province Well-Known Trademark'. In addition, the Group is named as 'Forbes 2008 Emerging Enterprise of China', '2008 Hong Kong Outstanding Enterprise' and 'Chinese Enterprise of Outstanding Integrity' along with many other honors. The Group has strived to strengthen our work in research and development. During the year, the Group initiated two new research projects and received new medicine certificates for three new products, including Lian Shen Tong Lin tablet, Qi Huang Tong Mi soft capsule and Xingsu Zhike soft capsule. Meanwhile, the Group is now cooperating with a university in Australia to initiate an international cooperation of research on Chinese medicine. The joint research project aims to develop a new medicine for the treatment of Alzheimer's disease."

Injection Products

In Year 2008, the Group sold RMB 723,631,000 of injection products, an increase of 22.3% from last year. Amongst these injection products, Qing Kai Ling injection, Shu Xie Ning injection and Shen Mai injection recorded growth in sales of 23.8%, 48.5% and 10.6% respectively. Injection products accounted for approximately 56.7% of the total turnover. As the demand of Chinese medicine injections in the pharmaceutical market keeps growing, the Group's production capacity for injection products now reaches 2 billion vials per annum. In terms of sales volume and production capacity, the Group is presently the largest Chinese medicine injection manufacturer in the PRC with a number of injection products are designated as "State Protected Chinese Medicine" and "Good Quality / Good Price".

Soft Capsule Products

The Group recorded RMB 335,036,000 of sales of soft capsule products in Year 2008, representing an increase of 26.9% from last year. Among all, sales of Wu Fu Xin Nao Qing soft capsule, Huo Xiang Zheng Qi soft capsule and Qing Kai Ling soft capsule increased 20.9%, 37.5% and 53.8% respectively as compared to last year. Soft Capsule products accounted for 26.1% of the total turnover. The Group's production capacity for soft capsule products is 3.5 billion capsules per annum. The Group is currently the largest Chinese medicine soft capsule manufacturer in the PRC in terms of sales volume and production capacity.

Granule Products

The sales growth during Year 2008 can be attributable to the Group's strategies to unify the granule brand name and market positioning, as well as strengthening the advertising and market promotion effort. Sales of granule products in 2008 increased by 41.6% as compared to last year, amounting to RMB 194,587,000. Among them, Pediatric Qing Fei Hua Tan Granule and Pediatric Huatan Zhike Granule recorded increases in sales of 100.6% and 39.3% from last year, accounting for 15.3% of the total turnover.

Capital Expenditures

In order to meet the expected stronger demand from pharmaceutical market, the Group has initiated a number of projects targeted to boost production capacities and competitive advantage during Year 2008. These include increasing capacity and upgrade facilities of our extraction workshops which will increase the extraction capacity to 10,000 tonne per annum. The new extraction facilities will be equipped with automated near infra-red detection systems capable of real time monitoring of extraction quality. This is the first model project of such kind designed by the National Development and Reform Commission of the PRC, which is expected to be completed within 2009. Besides, the Group will also construct a new granule and tables workshop to increase production capacity of granules to approximately 5.5 billion bags per annum, and the production capacity of tables to approximately 2.1 billion tables per annum. This construction is expected to be completed within 2010.

Outlook

Looking forward, Mr. Li said, "As the PRC government has ascertained its plan of RMB 850 billions to reform the country's health care system, the Chinese pharmaceutical industry will undergo rapid growth. The medicine market will therefore expand faster after the detail of the reform is announced. On the other hand, the PRC government is currently strengthening scrutiny and raises standards on Chinese medicine injections. Those with inferior production knowhow and quality will be banished, while large scale pharmaceutical manufacturers which produce Chinese medicine injections of superb quality and advanced technologies, such as Shineway, will be benefited. In addition, riding on favorable business environment of the pharmaceutical industry, the Group pledges to pursue on research and development of modern Chinese medicines with good efficacy, good quality and affordable price, so as to continue our missions to lead and expedite modernization of Chinese medicines and shine the pharmaceutical industry. Shineway will strive for getting excellent results in the market and bringing a satisfactory return to our shareholders."

— The End —

About Shineway

China Shineway Pharmaceutical Group Limited, listed on the Main Board of the Hong Kong Stock Exchange in 2004, principally engages in the development, manufacture and sales of modern Chinese medicines. Its business scope includes: injections, soft capsule products, granule products and others. It is one of the "Top 100 pharmaceutical enterprises" and "Top 50 Chinese medicine enterprises" in China and is ranked amongst the top 10 Chinese medicine manufacturers based on comprehensive strength.

This press release is distributed by Wonderful Sky Financial Group Limited on behalf of China Shineway Pharmaceutical Group Limited.

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