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CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 02877)

PLACING OF EXISTING SHARES BY SUBSTANTIAL SHAREHOLDER

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the "**Board**") of China Shineway Pharmaceutical Group Limited (the "**Company**") announces that it has been informed by Matkon Limited ("**Matkon**"), a substantial shareholder of the Company, that it had entered into a placing agreement with Goldman Sachs (Asia) L.L.C ("**Goldman Sachs**") on 12 January 2010 pursuant to which it agreed to dispose of its entire shareholding of 111,621,644 shares of HK\$0.10 each in the Company (the "**Shares**") (representing approximately 13.50% of the total issued share capital of the Company) (the "**Placing**"). This is the first time Matkon has disposed of Shares in the Company since the listing of the Company in December 2004. The Placing is organized and underwritten by Goldman Sachs.

Completion of the Placing is expected to take place on 15 January 2010. Immediately after the Placing, Matkon will cease to own any Shares.

The Board does not expect the Placing to have any significant impact on its day to day operations or changes to its key management personnel.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the Shares.

By Order of the Board
China Shineway Pharmaceutical Group Limited
Li Zhenjiang
Chairman

Hong Kong, 13 January 2010

As at the date of this announcement, the executive Directors are Mr. Li Zhenjiang, Ms. Wang Zhihua, Ms. Xin Yunxia, Mr. Li Huimin and Mr. Hung Randy King Kuen and the independent non-executive

Directors are Mr. Ren Dequan and Ms. Cheng Li.