

**CHINA SHINEWAY (SEHK:2877) ANNOUNCES
 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010
 TURNOVER GREW BY 24.8% TO RMB2,038,379,000
 NET PROFIT REACHED RMB821,756,000
 PROPOSED FINAL AND SPECIAL DIVIDEND OF TOTAL RMB29 CENTS PER SHARE**

Financial Highlights

	RMB	For the year ended 31 December 2010		
		Sales	Product mix	Growth rate
Injections		1,275,134,000	62.6%	+36.9%
Soft Capsules		385,773,000	18.9%	(1.1%)
Granules		327,686,000	16.1%	+17.1%
Other Product Formats		49,786,000	2.4%	+57.9%

(Hong Kong, 23 March 2011) ---- The largest Chinese medicine injections manufacturer, **China Shineway Pharmaceutical Group Limited** ("China Shineway"), and collectively with its subsidiaries ("the Group") (SEHK code: 2877) today announced its annual results for the year ended 31 December 2010. During the year under review, the Group recorded a turnover of approximately RMB2,038,379,000, representing an increase of 24.8% as compared to last year (2009: RMB1,633,223,000). Net profit grew by 7.1% to RMB821,756,000 from RMB767,304,000 from last year. The increase in profit was mainly from the growth of product sales and rise in operating profit. Basic earnings per share were RMB99 cents (2009: RMB93 cents).

The Board of Directors proposed to declare a final dividend of RMB12 cents per share (2009: RMB12 cents) and a special dividend of RMB17 cents per share (2009: RMB15 cents) for the year ended 31 December 2010. In addition to the interim dividend of RMB11 cents per share already paid, the dividend for the full year amounted to RMB40 cents per share (2009: RMB37 cents).

Mr. Li Zhenjiang, Chairman of the Group said, "China's pharmaceutical industry underwent rapid development in 2010. The state government has invested more to implement a comprehensive healthcare system. Following the implementation of the healthcare system reform, the launch of the Essential Drug List and tender of drugs and medicine at provinces level, and the introduction of 12th five-year plan, we benefited from stepping up support to the development by the PRC government and modernization of Chinese medicines industries. With well-known brand names, quality products and effective implementation of growth strategies, sales of the Group's modern Chinese medicine injection, soft capsule and granule products continued to grow. For the year, with the new GMP standards announced, the Group as a quality manufacturer in the industry would further strengthen our leadership in modern Chinese medicines, and to create synergy to our business and results."

~More~

During the year, the Group have completed two acquisitions. In April 2010, the Group acquired Zhangjiakou Changcheng Pharmaceutical Limited at a consideration of RMB55,424,600. Its major products are Huamoyan Granule, Fufong Gancao Tablet and Fufang Shexiang Injection. In order to improve its efficiency and production quality, the Group has strengthened its management and training. The production has also been resumed in July 2010. In addition, the Group has acquired Sichuan Kalituo Pharmaceutical Limited (“Kalituo Pharmaceutical”), together with its wholly-owned subsidiary Chengdu Kalituo Technology Company Limited (“Kalituo Technology”) for an aggregate consideration of RMB15,000,000 in the same period. Its major products is Xiang Dan Injection. As Kalituo Pharmaceutical and Kalituo Technology have prime location in the Western part of China, it will be an important region for future sales areas of the Group.

Besides, the Group has established a wholly-owned subsidiary namely Shineway (Shijiazhuang) Chinese Medicine Prepared Herbs Limited in the PRC, with registered share capital of RMB3,000,000. Its principal activities involved in producing, trading and cultivation of Chinese medicinal herb.

The Group’s annual production capacity for injection product is now 2 billion vials. The Group believes that it is currently the largest Chinese medicine injections manufacturer in the PRC in terms of sales volume and production capacity. A number of the Group’s injection products are designated by regulatory agencies as “State Protected Chinese Medicine” and “Good Quality/Good Price” products. Meanwhile, the construction of the new injection production workshop is targeted to be completed late 2011. Upon completion, the injection production capacity will be increased from the present of approximately 2 billion vials to 3.2 billion vials per annum. In 2010, the Group sold RMB1,275,134,000 of injection products, an increase of 36.9% from last year. Among these injection products, the Group’s key product Qing Kai Ling Injection increased more than 50% in sales from last year. Injection products accounted for 62.6% of the Group’s total turnover in 2010, while they contributed 57.1% of the turnover in prior year.

In July 2009, the State Food and Drug Administration has developed the “Principles on Re-evaluating Chinese Medicine Injections Safety – Quality Control”, “Guideline on Re-evaluating Chinese Medicine Injections Safety– Basic Requirements on Technologies” and series of relevant laws and regulations to increase the production and quality control standards of Chinese medicine injection. The re-evaluation of Chinese medicine injection has been started. The Group believes the state re-evaluation will significantly enhance the production technologies and quality standards of Chinese medicine injection, as each re-evaluation will cost few to ten millions. Those production companies with lack of production technologies, low quality control, low production rate and unable to start the re-evaluation of Chinese medicine injection will be eliminated. Entry barrier to Chinese medicine injection would be significantly increased and hence quality will be increased substantially. The good curative effect of Chinese medicine injection will be recognized by the market and the Group’s quality, cost, size and brand will become more prominent.

~More~

During the year, the Group recorded RMB385,773,000 on sales of soft capsule products, decreased of 1.1% from last year, accounted for 18.9% of the Group's turnover as compared to 23.9% last year. The decrease was mainly because of the drop in sales of Wu Fu Nao Qing Soft Capsules and Qing Kai Ling Soft Capsules as compared with last year. The reason of the decrease in sales of Wu Fu Xin Nao Qing was principally attributable to its bundle sales with Qing Kai Ling injections in 2009 and there were inventories in the market in 2010. Qing Kai Ling injection products experienced high market demand in prior year, the production and sales of Qing Kai Ling Soft Capsules were affected in 2010. The Group's production capacity for soft capsules is 3.5 billion capsules per annum. The Group believes that it is currently the largest Chinese medicine soft capsules manufacturer in the PRC in terms of sales volume and production capacity.

Sales of granule products in 2010 increased by 16.1% amounted to RMB327,686,00, accounted for 16.1% of the Group's turnover as compared to 17.1% in 2009r. Among them, Pediatric Qing Fei Hua Tan Granule and Pediatric Huatan Zhike Granule both recorded year-on-year sales increase. The growth was attributable to the Group's market positioning with the use of medicine for children using "Shen Miao" brand , as well as strengthening advertising and market promotion effort. Following the completion of production workshop at the end of 2010, the Group's annual production capacity has now increased to 3.4 billion bags per annum. The Group believes that it is currently the largest Chinese medicine granules manufacturer in the PRC in terms of sales volume and production capacity.

In order to meet the surging demands from the pharmaceutical market, the Group has commenced construction of our Shineway Modern Chinese Medicine Park, with an aim to build one of the most technologically advanced and largest in scale production headquarters of modern Chinese medicine in the country. At present, the accelerated construction of a number of production workshops and facilities are underway. The construction of extraction workshops, injection workshops, water recycling plant, power station and miscellaneous facilities, along with a new composite administrative building in Shijiazhuang are to be completed in 2011, involving a total investment of approximately RMB600 million. Currently, the extraction and procsedicine extraction workshops amounted to 10,000 tonnes per annum. These facilities are equipped with state-of-the-art automated detection technologies in China to enable real time monitoring of the quality of herb extracts. Such project was the first among similar projects to be named as model construction project by the National Development and Reform Commission of the PRC.

Furthermore, the Group's large scale Chinese medicine extraction workshop and injection workshop under construction will further increase the capacities by another 10,000 tonnes of herbs and 1.2 billion vials of injection per annum. The workshops are designed and constructed in accordance with new GMP standards, and the total investment involved was approximately RMB350 million and RMB250 million, respectively. The constructions are scheduled to be completed in the year 2011.

Currently, there are 10 product research projects undergoing pharmaceutical and clinical trial, 3 of which are for the treatment of cardiovascular diseases, 2 for the treatment of genitourinary system, 1 for the treatment of digestive system illnesses, 1 for the treatment of gynaecological diseases, 1 for the treatment of orthopedics, 1 for cancer adjuvant illnesses and a joint research project with a university in Australia to develop new medicines for the treatment of Alzheimer's disease. The Group has two launched products are now under launched product re-evaluation. A special project team is established to explore new products investment opportunity studies.

The Group continued to strengthen the protection of its intellectual property rights. During 2010, the Group received 4 invention patents from the Intellectual Property Office of the PRC. As at the date of the Annual Report, the Group has obtained 18 patents for our inventions, and a total of 11 patent applications are pending for approval.



~More~

溢星財經傳播有限公司 JOVIAN Financial Communications Ltd.

香港德輔道中244-248號東協商業大廈24樓全層

24/F., Tung Hip Commercial Building, 244-248 Des Voeux Road Central, Hong Kong
電話tel: +852 2581 0168 傳真fax: +852 2854 2012 電郵 email: jovian@joviancomm.com

www.joviancomm.com

Mr. Li Zhenjiang, Chairman of the Group said, "Looking forward, the Group targets on three high growth market segments – the middle and old aged, children and anti-viral medicines; further increases sales contribution from core products which have already exceeded 100 million of annual sales revenue (namely Qing Kai Ling Injection, Shen Mai Injection, Wu Fu Xin Nao Qing Soft Capsule, Shu Xie Ning Injection and Pediatric Qing Fei Hua Tan Granule); continues to develop other products (such as Huo Xiang Zheng Qi Soft Capsule, Qing Kai Ling Soft Capsule, Huang Qi Injection) and products of our newly acquired companies (such as Huamoyan Granule and Fufang Gancao Tablet); continues to expand sales covering prescription medicines, OTC medicines and the "Third Level of Sales" (hospitals of factories and mining fields, community clinics and rural healthcare centers) to strengthen sales support and management; and further improves the market penetration of China Shineway's existing market and expand new market shares."

~End~

About China Shineway Pharmaceutical Group Limited (Stock Code: 2877)

China Shineway Pharmaceutical Group Limited is one of the largest modern Chinese medicines manufacturers in the PRC. The Group is listed on the Main Board of Hong Kong Stock Exchange and is also a Hang Seng Composite Index constituent. After the "Shineway" trademark was named as China Famous Trademark in 2002, our "Wu Fu" trademark was recently identified as China Famous Trademark, We became the first one in Hebei Province having two China Famous Trademarks. In addition, our "Bei Si," and "Shen Miao" trademarks were also awarded as Hebei Province Famous Trademarks.