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CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED

中國神威藥業集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2877)

EXERCISE OF THE OVER-ALLOTMENT OPTION

The Company announces that the Over-allotment Option referred to in the Prospectus has been fully exercised by Cazenove Asia Limited (“Cazenove”) on behalf of the Placing Underwriters on 17 December 2004 in respect of 30,000,000 additional Shares (the “Over-allotment Shares”) (representing 15% of the Shares initially offered under the International Offering) to cover over-allocations in the International Placing.

The Over-allotment Shares will be issued and allotted by the Company at HK\$4.36 per Share, being the Offer Price per Share under the International Offering (exclusive of brokerage, SFC transaction levy, investor compensation levy and Stock Exchange trading fee).

The Company announces that the Over-allotment Option referred to in the Prospectus has been fully exercised by Cazenove, on behalf of the Placing Underwriters, on 17 December 2004 in respect of the Over-allotment Shares (representing 15% of the Shares initially offered under the International Offering) to cover over-allocations in the International Placing. The Over-allotment Shares will be allotted and issued by the Company at HK\$4.36 per Share, being the Offer price per Share under the International Offering (exclusive of brokerage, SFC transaction levy, investor compensation levy and Stock Exchange trading fee). The Over-allotment Shares are expected to be listed on the Stock Exchange at 9:30 a.m., on 21 December 2004. The listing of and permission to deal in the Over-allotment Shares have already been granted by the Stock Exchange.

The shareholding structure of the Company immediately before and after the issue of the Over-allotment Shares are as follows:

Shareholders	Before the issue of the Over-allotment Shares		After the issue of the Over-allotment Shares	
	Approximate Number of Shares	Approximate % of issued share capital	Approximate Number of Shares	Approximate % of issued share capital
Sinovest	600,000,000 ^(Note)	75.0	600,000,000	72.3
Public Shareholders	<u>200,000,000</u>	<u>25.0</u>	<u>230,000,000</u>	<u>27.7</u>
Total	<u>800,000,000</u>	<u>100.0</u>	<u>830,000,000</u>	<u>100.0</u>

Note: Includes 30,000,000 Shares lent by Sinovest to Cazenove pursuant to a stock lending agreement that provides Sinovest with the right to recall the Shares lent. These Shares will be returned to Sinovest on or before 21 December 2004.

The aggregate net proceeds to the Company from the issue of the Over-allotment Shares are approximately HK\$126.9 million which will be used by the Company as described in the section headed “Future plans and use of proceeds - Reasons for the International Offering and use of proceeds” of the Prospectus.

As at the date of this announcement, the executive Directors are Mr. Li Zhenjiang, Ms. Wang Zhihua, Ms. Xin Yunxia, Mr. Hou Jiangtao and Mr. Li Huimin and the independent non-executive Directors are Mr. Li Kung Man, Dr. Wang Jianping and Prof. Zhou Chaofan.

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

Hong Kong, 17 December 2004