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Unless otherwise defined herein, terms in this announcement shall have the same meanings as those terms defined in the prospectus dated 23 November 2004 (the "Prospectus") issued by China Shineway Pharmaceutical Group Limited (the "Company").



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)

STABILISING ACTION AND END OF STABILISATION PERIOD

- The Company announces that the stabilisation period in connection with the International Offering ended on 25 December 2004.
- Stabilisation actions were undertaken during the stabilisation period including: (i) the over-allocation of 30,000,000 Shares pursuant to the International Placing, satisfied by Shares borrowed from Sinovest pursuant to a securities lending agreement; (ii) the purchase of 8,000 Shares at a price of HK\$4.35 per Share; and (iii) the exercise in full of the Over-allotment Option referred to in the Prospectus in respect of 30,000,000 additional Shares. The Over-allotment Shares were used for the purposes of returning to Sinovest the 30,000,000 Shares borrowed.

The Company announces that the stabilisation period in connection with the International Offering ended on 25 December 2004. As advised by Cazenove Asia Limited ("Cazenove"), the stabilisation manager of the International Offering, the stabilising actions undertaken during the stabilisation period, in compliance with the Securities and Futures (Price Stabilising) Rules, were: (i) the over-allocation of 30,000,000 Shares pursuant to the International Placing, satisfied by Shares borrowed from Sinovest pursuant to a securities lending agreement; (ii) the purchase of 8,000 Shares at a price of HK\$4.35 per Share on 15 December 2004; and (iii) the exercise by Cazenove, the Global Coordinator, on behalf of the Placing Underwriters, on 17 December 2004, of the Over-allotment Option referred to in the Prospectus, to cover over-allocations in the International Placing.

Pursuant to the exercise of the Over-allotment Option, the Company allotted and issued 30,000,000 additional Shares at the Offer Price of HK\$4.36 per Share (exclusive of brokerage, SFC transaction levy, investor compensation levy and Stock Exchange trading fee), being the Offer Price per Share under the International Offering. Such Shares were returned by Cazenove to Sinovest under a stock borrowing agreement which was entered into between Cazenove and Sinovest for the purpose of covering over-allocations in the International Placing. Details of the exercise of the Over-allotment Option are more particularly described in the Company's announcement of 17 December 2004.

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, 28 December 2004